A. Waivers and Exemptions

In preparation for the Listing, we have sought the following waivers and exemptions from strict compliance with the relevant provisions of the Hong Kong Listing Rules, the SFO and the Companies (WUMP) Ordinance and have applied for a ruling under the Takeovers Codes:

Relevant rule(s)	Subject matter
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
Paragraphs 41(4) and 45 of Part A of Appendix 1 and Practice Note 5 to the Hong Kong Listing Rules	Disclosure of interests information
Rules 19C.07(3) and 19C.07(7) of the Hong Kong Listing Rules	Shareholder protection requirements in relation to approval, removal and remuneration of auditors and requisition of extraordinary general meeting by Shareholders
Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules	Acquisition after the Track Record Period
Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules and Paragraph 31(3)(b) of the Third Schedule to Companies (WUMP) Ordinance	Disclosure requirements under the Accountants' Report
Paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules	Disclosure requirements in respect of Directors' and five highest individuals' emoluments
Paragraph 32 of Part A of Appendix 1 to the Hong Kong Listing Rules	Timing requirement of liquidity disclosure
Paragraphs 26, 27 and 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and Paragraphs 10, 11 and 29 of the Third Schedule to Companies (WUMP) Ordinance	Other disclosure requirements under the Hong Kong Listing Rules and Companies (WUMP) Ordinance
Rule 2.07A of the Hong Kong Listing Rules	Corporate communications
Rule 13.25B of the Hong Kong Listing Rules	Monthly returns

Relevant rule(s)	Subject matter
Paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules	Three-year restriction on spin-offs
Rule 13.48(1) and Practice Note 10 to the Hong Kong Listing Rules	Publication of interim report for the six months ended June 30, 2020
Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules	Disclosure of Offer Price
Rule 9.09(b) of the Hong Kong Listing Rules	Dealings in the Shares prior to Listing
Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules	Subscription for Shares by existing Shareholders
Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules	Availability of copies of the prospectus in printed form
Paragraph 4.2 of Practice Note 18 to the Hong Kong Listing Rules	Clawback mechanism

Not a Public Company in Hong Kong

Section 4.1 of the Introduction to the Takeovers Codes provides that the Takeovers Codes apply to takeovers, mergers and share buy-backs affecting, among others, public companies in Hong Kong and companies with a primary listing in Hong Kong. According to the Note to Section 4.2 of the Introduction to the Takeovers Codes, a Grandfathered Greater China Issuer (as defined in the Hong Kong Listing Rules) within the meaning of Rule 19C.01 of the Hong Kong Listing Rules with a secondary listing on the Hong Kong Stock Exchange will not normally be regarded as a public company in Hong Kong under Section 4.2 of the Introduction to the Takeovers Codes.

We have applied for, and the SFC has granted, a ruling that we are not a "public company in Hong Kong" for the purposes of the Takeovers Codes. Therefore, the Takeovers Codes do not apply to us. In the event that the bulk of trading in our Shares migrates to Hong Kong such that we would be treated as having a dual-primary listing pursuant to Rule 19C.13 of the Hong Kong Listing Rules, the Takeovers Codes will apply to us.

Disclosure of Interests under Part XV of SFO

Part XV of the SFO imposes duties of disclosure of interests in shares of common stock. Under Section 16 of the U.S. Exchange Act ("**Section 16**"), the insiders of a public company (including directors, officers or any person who directly or indirectly beneficially owns more than 10% of any class of the company's equity securities) are required to report their beneficial ownership of the company's equity securities and any transactions in such securities. Beneficial ownership for Section 16 reporting purposes means having a "pecuniary interest" (or economic interest), which refers to receiving or sharing in, directly or indirectly, profits from a transaction in the securities, whether by agreement, relationship or other arrangement. A person required to report ownership of equity securities under Section 16 must do so by filing the relevant forms to report, among other things, an initial statement of beneficial ownership, changes in beneficial ownership or an annual statement of beneficial ownership within respective specific periods of time as required under the SEC regulations.

Moreover, Section 13 of the U.S. Exchange Act ("**Section 13**") requires any person or group of persons who directly or indirectly acquires or has beneficial ownership of more than 5% of a class of a company's equity securities registered pursuant to Section 12 of the U.S. Exchange Act to report such beneficial ownership. Beneficial ownership for Section 13 reporting purposes means having or sharing, directly or indirectly, through any contract, arrangement, understanding relationship or otherwise, voting power or investment power over the security. A person required to report beneficial ownership of equity securities under Section 13 must do so by filing a Schedule 13D within 10 days of the initial acquisition and promptly thereafter in the case of changes of ownership of 1% or more or the occurrence of certain other events, or, when an exception applies, a short-form Schedule 13G within 45 days after the end of each calendar year if there have been changes in ownership during such calendar year.

As a comprehensive disclosure of interests mechanism is in place under the U.S. securities laws and regulations, compliance with Part XV of the SFO would subject our corporate insiders to a second level of reporting, which would be unduly burdensome to them, result in additional costs and not be meaningful, since the statutory disclosure of interests obligations under the U.S. Exchange Act that apply to us and our corporate insiders would provide our investors with sufficient information relating to the shareholding interests of our major Shareholders.

We have applied for, and the SFC has granted, a partial exemption under section 309(2) of the SFO to us, our substantial Shareholders, Directors, and chief executives from strict compliance with the provisions of Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO), on the conditions that (i) the bulk of trading in the Shares is not considered to have migrated to Hong Kong on a permanent basis in accordance with Rule 19C.13 of the Hong Kong Listing Rules; (ii) all disclosures of interests filed with the SEC are also filed with the Hong Kong Stock Exchange as soon as practicable, which will then publish such disclosures in the same manner as disclosures made under Part XV of the SFO; and (iii) we will advise the SFC if there is any material change to any of the information which has been provided to the SFC, including any significant changes to the disclosure requirements in the U.S. and any significant changes in the volume of our worldwide share turnover that takes place on the Hong Kong Stock Exchange. This exemption may be reconsidered by the SFC in the event there is a material change in information provided to the SFC.

Disclosure of Interests Information

Part XV of the SFO imposes duties of disclosure of interests in shares of common stock. Paragraphs 41(4) and 45 of Part A of Appendix 1 and Practice Note 5 to the Hong Kong Listing Rules require the disclosure of shareholders' and directors' interests information to be included in the Prospectus.

The SFC has granted a partial exemption from strict compliance with Part XV of the SFO as set out above under sub-section headed "Disclosure of Interests under Part XV of SFO." The U.S. Exchange Act and the rules and regulations promulgated thereunder, which require disclosure of interests by shareholders, are broadly equivalent to Part XV of the SFO. Relevant disclosure in respect of the major Shareholder's interests can be found in the section headed "Major Shareholders" in the Prospectus.

We undertake to (i) file with the Hong Kong Stock Exchange, as soon as practicable, any declaration of shareholding and securities transactions filed with the SEC and (ii) disclose in present and future listing documents any shareholding interests as disclosed in a SEC filing, and the relationship between our Directors, officers, members of committees and their relationship with any controlling shareholders.

On the basis above, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from the requirements under Paragraphs 41(4) and 45 of Part A of Appendix 1 and Practice Note 5 to the Hong Kong Listing Rules.

Shareholder Protection

For an overseas issuer seeking a secondary listing on the Hong Kong Stock Exchange, Rule 19.30(1)(b) of the Hong Kong Listing Rules requires the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong. Rule 19C.07 of the Hong Kong Listing Rules provides that the Hong Kong Stock Exchange will consider that a Grandfathered Greater China Issuer, like us, seeking a secondary listing has met the requirements of Rule 19.30(1)(b) of the Hong Kong Listing Rules if it has met the shareholder protection standards by reference to eight criteria set out in Rule 19C.07 of the Hong Kong Listing Rules.

Approval, removal and remuneration of auditors

Rule 19C.07(3) of the Hong Kong Listing Rules requires the appointment, removal and remuneration of auditors must be approved by a majority of the Qualifying Issuer's members or other body that is independent of the issuer's board of directors. However, according to the applicable U.S. securities laws and NYSE rules, our Audit Committee is directly responsible for the appointment, removal and remuneration of auditors.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 19C.07(3) of the Hong Kong Listing Rules on the following basis:

- Our Audit Committee is akin to an independent body of the Board on the basis of the independence requirements as set out in applicable U.S. securities laws and the NYSE rules. Members of the Audit Committee must continuously meet two overlapping independence standards, one established by applicable U.S. securities laws, and the other by the NYSE rules. Under these applicable rules, no Audit Committee member may be a party to any material relationship that would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. In addition, no Audit Committee member may accept any compensation from our Company other than directors' fees and no Audit Committee member may be an "affiliated person" of our Company or any of our subsidiary. The Audit Committee of our Company is comprised of five members, all of whom are independent Directors within the meaning of Section 303A of the NYSE Listed Company Manual and meet the criteria for independence set forth in Rule 10A-3 of the U.S. Exchange Act.

- Since our first annual meeting in 2017 after we became an independent public company, we have put forward a resolution at each annual general meeting for the Shareholders to ratify the auditors' appointment. Such resolution has passed with greater than 99% of Shares of common stock present in person or by proxy voted in favor without exception in each year.

Requisition of extraordinary general meeting by shareholders

Rule 19C.07(7) of the Hong Kong Listing Rules requires members holding a minority stake in the Qualifying Issuer's total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights (the "**10% Requisition Right**"), on a one vote per share basis, in the share capital of the Qualifying Issuer. Our Constitutional Documents currently preclude the calling of a shareholder meeting by Shareholders.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 19C.07(7) of the Hong Kong Listing Rules on the following conditions and bases:

- The 25% Requisition Right is considered in the context of the rights that our Shareholders already enjoy, the attributes of our Company in view of the facts that we were incorporated in the U.S., including the laws and regulations that apply to us, the type of listing we have on the NYSE, and the type of listing we are applying for in Hong Kong:

  – We are a Delaware-incorporated company and a U.S. domestic issuer, which subjects us to the highest level of U.S. corporate governance and shareholders rights standards.

  – The totality of rights provided to our Shareholders is both substantial and at least substantially equivalent to those found under the Hong Kong Listing Rules, particularly in light of our status as a U.S. domestic company.

  - We are a pure one-share, one-vote company and have no "partnership" structure or other types of weighted voting rights structures.

  - We are seeking a secondary listing on the Main Board of the Hong Kong Stock Exchange under Chapter 19C of the Hong Kong Listing Rules.

- The 25% Requisition Right would give our Shareholders an appropriate level of meaningful and effective protection, taking into account our specific circumstances including, among others, the quorum and vote requirements for shareholder meetings under Delaware law and our Constitutional Documents. Under the DGCL, the default rule is that a quorum for shareholder meetings consists of "a majority of the shares entitled to vote, present in person or represented by proxy." The DGCL allows companies to alter this default quorum requirement, except that it may not be lower than one-third of the shares of the company entitled to vote at the meeting. Under our Bylaws, the presence in person or by proxy of the holders of record of a majority of the issued and outstanding Shares of common stock of the Company entitled to vote at the meeting shall constitute a quorum for Shareholder meetings.

- The 25% Requisition Right is more commonly adopted among our Company's peer group within the S&P 500 companies, which we compare ourselves with from a governance standpoint.

Under the DGCL, our Company is required to hold a meeting of Shareholders at least once every 13 months. Our Company had held a general meeting on an annual basis for the three years ended December 31, 2019, and will continue to do so upon completion of the Listing.

Our Board has resolved, subject to the completion of the Listing, at the 2021 annual meeting and at subsequent annual meetings, if necessary, to present a proposal to the Shareholders to amend our Constitutional Documents providing for the 25% Requisition Right, and recommend that our Shareholders approve such proposal. The 25% Requisition Right shall be subject to customary terms and conditions.

Our Board undertakes that, after the completion of the Listing and before the approval of the 25% Requisition Right by the Shareholders, in the event that Shareholders holding 25% or more of our total outstanding Shares of common stock request that a special meeting be called, our Board will, subject to customary terms and conditions, support such request.

Acquisition after the Track Record Period

Rules 4.04(2) and 4.04(4)(a) of the Hong Kong Listing Rules require that, among other things, the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made in respect of each of the three financial years immediately preceding the issue of the Prospectus.

Rule 4.28 of the Hong Kong Listing Rules states that where a new applicant has acquired or proposes to acquire any businesses or companies which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, pro forma financial information prepared in accordance with the Rule 4.29 of the Hong Kong Listing Rules in respect of the enlarged group should be disclosed in its listing document.

Pursuant to the guidance letter HKEX-GL32-12 issued by the Hong Kong Stock Exchange, or GL32-12, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to GL32-12, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) of the Hong Kong Listing Rules on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Suzhou KFC is a joint venture entity owned by our Company and other independent third parties, which mainly operates KFC restaurants in and around Suzhou. The net income of Suzhou KFC for the six months ended June 30, 2020 and the years ended December 31, 2019, 2018 and 2017 was US$21 million, US$43 million, US$42 million and US$37 million, respectively, and the net assets of Suzhou KFC as of June 30, 2020 and December 31, 2019, 2018 and 2017 were US$34 million, US$56 million, US$54 million and US$50 million, respectively. Same-store sales of Suzhou KFC declined by 6% for the six months ended June 30, 2020, while same-store sales of KFC declined by 11% for the same period. Same-store sales growth of Suzhou KFC for the years ended December 31, 2019 and 2018 was 3% and 2%, respectively, while same-store sales growth of KFC was 4% and 2% for the same years, respectively. The operating profit margin of Suzhou KFC for the six months ended June 30, 2020 and the years ended December 31, 2019, 2018 and 2017 was 19%, 18%, 19% and 18%, respectively, while the operating profit margin of KFC reporting segment was 12%, 16%, 16% and 16% for the same period and years, respectively.

In April 2020, we entered into a definitive agreement to acquire, for cash consideration of US$149 million, the entire equity interest in one of Suzhou KFC's shareholders, which owns 25% equity interest in Suzhou KFC (the "**Suzhou KFC Acquisition**"). Save for their equity interests in Suzhou KFC before the completion of the Suzhou KFC Acquisition, the selling parties and their ultimate beneficial owners are independent third parties of our Company. Prior to the Suzhou KFC Acquisition, Suzhou KFC was owned as to 47% by our Group and 53% by other independent third parties, and was accounted for in our financial statements under the equity method. Upon completion of the Suzhou KFC Acquisition on August 3, 2020, our equity interest in Suzhou KFC was increased to 72%, which allows us to consolidate Suzhou KFC into our Group.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules in respect of the Suzhou KFC Acquisition on the following grounds:

Suzhou KFC is operated in the ordinary and usual course of business of our Group

Suzhou KFC, in which we held a non-controlling interest prior to the completion of the Suzhou KFC Acquisition, has been operated in the ordinary and usual course of business of our Group under an operation model similar to our other KFC restaurants across China. The solid operating performance of Suzhou KFC and the exit of one of the joint venture partners presented the commercial opportunity for our Company to acquire additional equity interest in Suzhou KFC. During the Track Record Period, our Group has also acquired from our other joint venture partners additional equity interests in the joint venture operating KFC stores in and around Wuxi.

Immateriality

All applicable percentage ratios in respect of the Suzhou KFC Acquisition were calculated by reference to the financial information for the year ended December 31, 2019. Other than the profits ratio, which is 5.7%, all the other applicable percentage ratios regarding the Suzhou KFC Acquisition are less than 5%. The profits ratio is relatively higher than the revenue ratio, which is 4.4%, because Suzhou KFC only operates KFC restaurants and the profit margin of our KFC business is generally higher than our other brands. In addition, prior to the Suzhou KFC Acquisition, our Group accounted for 47% of the equity interest in Suzhou KFC as an equity method investment under U.S. GAAP, and the related share of its net income for the year ended December 31, 2019 accounted for 2.8% of the consolidated net income of our Group for the same year. When the acquisition of additional 25% equity interest is completed, the operating results, assets and liabilities of Suzhou KFC will be included in our Group's consolidated financial statements, subject to intercompany eliminations and attribution of net income to non-controlling interests. Had we consolidated Suzhou KFC into our Group's financial statements for the entire year of 2019, the consolidated net income of our Group for the year ended December 31, 2019 would have been increased by 1.5%. Furthermore, the assets ratio in respect of Suzhou KFC Acquisition is 2.1% by reference to our Group's total assets as of December 31, 2019. Therefore, we consider that the Suzhou KFC Acquisition is immaterial to us and do not expect it to result in any material change in the financial position and operating results of our Group.

Relevant disclosures are not required under the SEC regulatory framework

As none of the significance test percentage ratios exceeds 20%, which is the disclosure threshold under the SEC regulations, disclosure of historical results and balance sheets of the Suzhou KFC as well as the pro forma financial information of the enlarged Group is not required.

Unduly burdensome for us to prepare the required financial information and pro forma disclosures

The historical financial information currently available to us is only for the purpose of accounting for Suzhou KFC under the equity method. Given the relevant disclosures are not required under the SEC regulatory framework, we do not have sufficient information readily available to prepare the disclosures required under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules. It would require considerable time and resources to compile necessary financial information and supporting documents and to request our reporting accountants to perform the necessary audit procedures on the financial information for the Track Record Period.

In addition, given the confidentiality obligation under the joint venture agreement, disclosing the full financial information required under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules is subject to prior unanimous consent from the other two joint venture partners.

Given that (i) the Suzhou KFC Acquisition was only completed on August 3, 2020, (ii) the historical financial information required for preparation of the disclosure under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules is not readily available, (iii) the disclosure of such information would require prior unanimous consent from the other two joint venture partners; and (iv) the prospectus is expected to be issued in early September, there would not be sufficient time, and would be impracticable and unduly burdensome for us to prepare the relevant disclosure under Rules 4.04(2), 4.04(4)(a) and 4.28 of the Hong Kong Listing Rules, and to request the reporting accountants to perform audit procedures on the required financial information.

The relevant financial information required under Rules 4.04(2), 4.04(4)(a) and 4.28 is not required to be disclosed for companies listed under Chapter 19C of the Hong Kong Listing Rules

Pursuant to Rule 19C.11 of the Hong Kong Listing Rules, the notifiable transaction requirements under Chapter 14 of the Hong Kong Listing Rules do not apply to a Qualifying Issuer having a secondary listing on the Hong Kong Stock Exchange. If the Suzhou KFC Acquisition proceeded after the completion of the Listing, we would not be required to disclose such acquisition pursuant to the requirements under Chapter 14 of the Hong Kong Listing Rules.

Similar operation model and available disclosure of financial results based on equity methods

Our Group has been closely involved in the daily operations of the restaurants under Suzhou KFC, which are under an operation model similar to other KFC restaurants across China, including the supply chain and logistics related management, management of staff as well as the products and services offered to consumers. Therefore, Suzhou KFC is operated in the ordinary and usual course of business of our Group, which remains unchanged before and after the completion of the Suzhou KFC Acquisition.

Prior to the completion of the Suzhou KFC Acquisition, our Group accounted for 47% of the equity interest in Suzhou KFC as an equity method investment under U.S. GAAP, and the related share of profit is included in our net income. The financial results of Suzhou KFC have been partially reflected in the financial statements of our Group and would provide the potential investors with necessary and adequate information to make an informed assessment of the activities, financial position and financial results of our Group. A waiver from disclosure of the required financial information in the Prospectus would not prejudice the interests of the investing public.

Alternative disclosure of the Suzhou KFC Acquisition in the Prospectus

We have provided certain alternative information in the Prospectus in connection with Suzhou KFC Acquisition required for a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules, including (a) the background and principal business activities of Suzhou KFC, (b) the reason for the transaction; (c) the net assets, net income, same-store sales growth and operating profit margin of Suzhou KFC for the relevant periods; (d) a qualitative disclosure for the reason why the profits ratio of Suzhou KFC Acquisition was relatively higher than revenue ratio; and (e) a statement that save for their equity interests in Suzhou KFC, the selling parties and their ultimate beneficial owners are independent third parties of our Company. For the avoidance of doubt, disclosure of other information required under Chapter 14 of the Hong Kong Listing Rules will be excluded because (i) we are subject to the confidentiality obligations under the agreement for Suzhou KFC Acquisition and are prohibited from disclosing such terms without the consent of the counterparties; and (ii) given the competitive nature of the industries in which our Group operates, disclosure of such information in the Prospectus is commercially sensitive and may result in the leak of our commercial arrangement. We believe, given that (i) Suzhou KFC is operated in the ordinary and usual course of business of our Group; (ii) other than the profits ratio which is slightly over 5%, all the other applicable percentage ratios are below 5%; and (iii) Suzhou KFC's financial results have been partially reflected in our financial statements, the current disclosure in respect of the Suzhou KFC Acquisition in the Prospectus would provide the potential investors with the necessary and adequate information to make an informed assessment of the activities, financial positions and operation results of our Group, and the interest of the investing public would not be prejudiced.

Disclosure Requirements under the Accountants' Report

Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules and paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance set out certain content requirements in respect of an accountants' report included in a listing document.

Rule 4.04(3)(a) of the Hong Kong Listing Rules requires the accountants' report appended to the prospectus to include, among others, the statement of financial position of the issuer and, if the issuer is itself a holding company, the consolidated statement of financial position of the issuer and its subsidiaries in each case as at the end of each of the three financial years to which the latest audited financial statements of the issuer have been made up.

Rule 4.05 of the Hong Kong Listing Rules states that the report on results and financial position under Rules 4.04(1) to 4.04(4) of the Hong Kong Listing Rules must include the disclosures required under the relevant accounting standards adopted and disclose separately, among others, an aging analysis of accounts receivable and an aging analysis of accounts payable.

Rule 4.13 of the Hong Kong Listing Rules states that the relevant standards will normally be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments must be made to show profits for all periods in accordance with such standards.

Paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance requires the accountants' report of the issuer include, among other things, the issuer's (other than its subsidiaries') assets and liabilities.

Certain historical financial information of our Company required to be disclosed under the Hong Kong Listing Rules and the Third Schedule to the Companies (WUMP) Ordinance are not required under U.S. GAAP or SEC regulatory framework, in particular,

(i) the following specific details concerning financial information as required under Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules:

    (a) balance sheets of our Company (without consolidation of our subsidiaries);

    (b) aging analysis of accounts receivable;

    (c) aging analysis of accounts payable; and

    (d) adjustments made to show profits of all periods in accordance with the relevant accounting standards in relation to the last fiscal year reported on; and

(ii) balance sheets of our Company (without consolidation of our subsidiaries) required under paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance.

In accordance with U.S. GAAP, we have applied the modified retrospective method or prospective method to account for the impact of the adoption of certain new accounting standards under U.S. GAAP during the Track Record Period. Under the modified retrospective method and prospective method adopted by us, comparative periods in the latest consolidated financial statements at the time of adoption are not retrospectively adjusted.

During the Track Record Period, we have adopted, in addition to new accounting standards that did not have a material impact on our consolidated financial statements, Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* ("**ASC 606**") and Accounting Standards Codification (ASC) 842, *Leases* ("**ASC 842**") issued by the Financial Accounting Standard Board ("**FASB**"), an independent, private, non-profit organization establishing financial accounting and reporting standards for companies that follow U.S. GAAP. For details of the relevant accounting policies upon the adoption of ASC 606 and ASC 842, please see "Appendix I — Accountants' Report." We adopted ASC 606 on January 1, 2018 and applied the full retrospective approach and recast financial statements for the years ended December 31, 2017 and 2016. Therefore, revenue for the Track Record Period was consistently accounted for in accordance with ASC 606.

ASC 842 was issued by the FASB in February 2016 with subsequent amendments made to clarify the implementation guidance, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements.

ASC 842 was adopted by us on January 1, 2019 using the modified retrospective method, by applying the new lease standard to leases that existed as of, or were entered into after, January 1, 2019, being the date of initial application of ASC 842. We elected the optional transition method, which allows us to record a cumulative-effect adjustment at the date of adoption without restating comparative periods. Additionally, we used the package of practical expedients that allows us not to reassess: (i) whether any expired or existing contracts are or contain leases; (ii) lease classification for any expired or existing leases; and (iii) initial direct costs for any expired or existing leases, at the date of initial adoption.

We recorded an impairment of US$60 million (net of related impact on deferred taxes and non-controlling interests) on ROU assets arising from existing operating leases as of January 1, 2019 as an adjustment to retained earnings, as the additional impairment charge would have been recorded before adoption had the operating lease ROU assets been recognized at the time of impairment. The adoption of ASC 842 did not have any material impact on the consolidated statements of income and cash flows for the years ended December 31, 2018 and 2017.

Upon adoption of the ASC 842, we recognized ROU assets and lease liabilities of US$2.0 billion and US$2.2 billion, respectively. However, operating leases were not recognized on our Company's consolidated balance sheet prior to the adoption of ASC 842 on January 1, 2019.

For the purpose of further providing the investing public with meaningful information about our financial position, we have included the following alternative disclosures in the Prospectus:

(i) summary of significant accounting policies adopted by our Company as set out in "Appendix I — Accountants' Report";

(ii) all applicable new accounting standards adopted by our Company during the Track Record Period as set out in "Appendix I — Accountants' Report";

(iii) accounting policies as a result of the adoption of ASC 606, which came into effect on January 1, 2018 and was applied retrospectively by our Company as set out in "Appendix I — Accountants' Report";

(iv) accounting policies adopted prior to and upon the adoption of ASC 842 as well as the impact of adoption, if any, to the consolidated balance sheet as of the initial application date of January 1, 2019 as set out in "Appendix I — Accountants' Report";

(v) a negative statement that there would be no material impact from the adoption of ASC 842 on our consolidated income statement for the years ended December 31, 2018 and 2017 if it was adopted on January 1, 2017; and

(vi) future minimum lease commitments as of December 31, 2018 and 2017 as set out in "Financial Information — Contractual Obligations."

At the date of initial adoption of ASC 842, we operated over 6,800 restaurants primarily by leasing the underlying land and/or building. Given the high volume and complexities of our lease arrangements, retrospective application of ASC 842 and recast of comparative periods during the Track Record Period would require significant additional efforts to be invested and is therefore unduly burdensome and impractical.

As the Prospectus has included the financial statements prepared under U.S. GAAP and the above alternative disclosure, and has contained all the information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, trading position, management and prospects of our Group and make informed investment decisions, we believe that it would be of no material value to provide the Hong Kong investing public with the information required under Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules and paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance and the non-disclosure of such information will not prejudice the interests of the investing public.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(3)(a), 4.05 and 4.13 of the Hong Kong Listing Rules. We have also applied for, and the SFC has granted, a certificate of exemption from strict compliance with Paragraph 31(3)(b) of the Third Schedule to the Companies (WUMP) Ordinance on the conditions that (i) the particulars of this exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before September 1, 2020.

Disclosure Requirements in Respect of Directors' and Five Highest Individuals' Emoluments

Paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information in respect of directors' emoluments during the Track Record Period. Paragraph 46(2) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include the aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer in respect of the last completed financial year. Paragraph 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires information in relation to an estimate of the aggregate remuneration and benefits in kind payable to directors in respect of the current financial year to be set out in the listing document.

Paragraph 33(3) of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include information with respect to the five individuals whose emoluments were highest in our Group for the year if one or more individuals whose emoluments were the highest have not been included under paragraph 33(2) of Part A of Appendix 1 to the Hong Kong Listing Rules.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules on the following basis:

- In compliance with our annual reporting requirements under the regulatory framework of the SEC applicable to us, we have included in our proxy statements (i) the details of the compensation structure of our Directors and NEOs; (ii) a Compensation Discussion & Analysis ("**CD&A**") section; and (iii) detailed executive compensation tables listing amounts of various types of compensation received by the NEOs accompanied by detailed narratives describing the nature of the amounts contained in that table.

- The SEC also requires the proxy statement to include a table that lists, for each Director who is not an NEO (who would be covered by the CD&A and executive compensation tables), the amounts of director fees, stock and option awards, cash incentive compensation, deferred compensation earnings, and other compensation earned or granted during the most recently completed fiscal year, together with a narrative description of material factors necessary to understand the director compensation table.

- The detailed disclosures in our proxy statements provide investors with a wealth of information regarding the compensation of our Directors and NEOs. Additionally, the SEC requires us to disclose certain events that may be important to Shareholders on a current report on Form 8-K within four business days of the occurrence of the event. The Form 8-K filing requirements ensure that significant compensatory events relating to senior executives are timely disclosed to Shareholders. As such, the additional disclosure required under paragraphs 33(2), 33(3), 46(2) and 46(3) of Part A of Appendix 1 to the Hong Kong Listing Rules would not provide additional meaningful disclosure for potential Hong Kong investors in relation to the Directors' and five highest individuals' emoluments.

Timing Requirement of Liquidity Disclosure

Paragraph 32 of Part A of Appendix 1 to the Hong Kong Listing Rules requires a listing document to include a statement (or an appropriate negative statement) of a new applicant's indebtedness as at a specified most recent practicable date (the "**Most Recent Practicable Date**"), and a commentary on its liquidity, financial resources and capital structure (together, the "**Liquidity Disclosure**").

In accordance with the Stock Exchange's Guidance Letter HKEX-GL37-12 ("**GL37-12**"), the Stock Exchange normally expects that the Most Recent Practicable Date for the Liquidity Disclosure, including, among other things, amounts of total available facilities and commentary on liquidity and financial resources such as net current assets (liabilities) position and management discussion on this position, in a listing document to be dated no more than two calendar months before the final date of the listing document.

As the prospectus will be issued in September 2020, we would otherwise be required to make the relevant Liquidity Disclosure no earlier than July 31, 2020 pursuant to paragraph 4.5(a) of GL37-12.

It would be impractical and unduly burdensome for us to make the Liquidity Disclosure later than June 30, 2020. As our Shares are currently listed and traded on the NYSE, we are required to file quarterly reports on Form 10-Q, with the SEC. In particular, to fulfill this quarterly filing requirement, we perform certain accounting adjustments/entries on a quarterly basis, including but not limited to income tax provision and certain balance sheet intercompany eliminations. Therefore, it would be unduly burdensome for us to prepare additional information for similar liquidity disclosure on a consolidated basis after the end of the second quarter of our current fiscal year.

Moreover, our quarterly reports on Form 10-Q are prepared on a quarterly basis. Strict compliance with the requirements would result in additional off-cycle disclosure by us of our liquidity position on a date that would fall in the middle of the quarter, which would not be required to be disclosed to investors under applicable U.S. securities regulations and NYSE rules. Such an off-cycle disclosure required under GL37-12 will deviate from the customary practices in our primary market and is therefore likely to cause confusion to our current investors.

The Track Record Period for the Prospectus is the three years ended December 31, 2019 and the six months ended June 30, 2020. We have included our audited financial information for the same period in the Prospectus, which are prepared in accordance with U.S. GAAP. As of June 30, 2020, we had a strong liquidity position and our debt was immaterial. As of June 30, 2020, the Company had a net cash position of US$1.7 billion, which is defined as total of cash and cash equivalent and short-term investments, net of debt, which includes outstanding loans and finance lease liabilities. The total of our cash and cash equivalents and short-term investments was US$1.7 billion and our outstanding loans and finance lease liabilities were US$5 million and US$26 million, respectively, as of June 30, 2020. The amount of our net current assets as of June 30, 2020 was US$580 million, and the operating cash inflow for the six months ended June 30, 2020 was US$452 million. We had undrawn credit facilities of US$513 million as of June 30, 2020. For detailed information of our indebtedness, see “Financial information — Indebtedness.” There has been no material change to the Liquidity Disclosures since June 30, 2020. In the event that there are material changes to the Liquidity Disclosure, the Company would be required to make an announcement under the NYSE listing rules and SEC rules and disclose relevant material facts in the prospectus under the rules and therefore, any additional or more up-to-date disclosure on the Company’s indebtedness and liquidity information beyond what is generally required under NYSE listing rules, SEC rules and other applicable U.S. regulations and such one-off disclosure in the prospectus would not provide any additional material or meaningful information to investors.

Having considered the above, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 32 of Part A of Appendix 1 to the Hong Kong Listing Rules concerning paragraph 4.5(b) of GL37-12. The waiver is subject to the condition that the reported date of indebtedness and liquidity information in the final prospectus must not exceed the requirement under GL37-12 by one calendar month (i.e. the time gap between the reported date of the Company’s indebtedness and liquidity information and the date of the listing document would not be more than three calendar months).

Other Disclosure Requirements under the Hong Kong Listing Rules and the Companies (WUMP) Ordinance

Particulars of the capital or debentures of any member of the Group which is under option

Paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules requires the listing document to include particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement.

Paragraph 10 of the Third Schedule to the Companies (WUMP) Ordinance requires the listing document to include the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the required particulars of the option, namely the period during which it is exercisable, the price to be paid for shares or debentures subscribed for under it, the consideration given or to be given (if any) and the names and addresses of the persons to whom it was given.

The only options (or derivatives with a similar nature) over any member of our Group's capital, shares or debentures are (i) the Warrant 1 and Warrant 2 (the "**Warrants**"); and (ii) those outstanding share incentive awards to the employees of YUM prior to our separation from YUM and the employees and non-employee Directors of our Group under the 2016 Plan, which accounted for approximately 4.5% and 4.0% of our total outstanding Shares of common stock as of the Latest Practicable Date, respectively. Among the share incentives under the 2016 Plan, outstanding stock options accounted for approximately 0.1% of our total outstanding Shares of common stock as of the same date, being 496,428 Shares of common stock, none of which were held by the Directors and NEOs. As of the Latest Practicable Date, there were over 3,500 grantees under the 2016 Plan, who were employees and non-employee Directors of our Group.

As for the Warrants, the particulars thereof, including, among other things, the name of the investors, the number of the Warrants issued, the price to be paid for the Shares of common stock underlying the Warrants, the exercise period of the Warrants and the names and addresses of the two strategic investors to whom the Warrants were initially issued have been disclosed in the Prospectus. See "Appendix IV — Statutory and General Information — E. Further Information about our Warrants Granted to Primavera and Ant Financial." To our best knowledge, Primavera entered into three pre-paid forward sale transactions with several financial institutions (the "**Dealers**"), pursuant to which Primavera is obligated to deliver to the Dealers in aggregate 45% of the total Warrants issued, which represent approximately 2.0% of our total outstanding Shares of common stock as of the Latest Practicable Date, on the settlement date subject to certain conditions as specified in the relevant pre-paid forward contracts. Primavera has not disclosed the names and addresses of the Dealers in its SEC filings with respect to its beneficial ownership of our Shares of common stock. In addition, the Warrants or the interests therein are subsequently transferrable in the secondary market to other financial investors, the names or addresses of whom would not be in our possession.

Having considered the background that (a) the disclosure in the Prospectus is substantially the same as that set out in our SEC filings in compliance with applicable U.S. laws and regulations; (b) the names or addresses of the Dealers and subsequent financial investors are, to our best knowledge, not otherwise available to the general public; and (c) the Warrants are transferable in the secondary market and those Warrants beneficially owned by persons other than the strategic investors account only for approximately 2.0% of our total outstanding Shares of common stock as of the Latest Practicable Date, it is unnecessary for us to obtain, and inappropriate to disclose, the names and addresses of all subsequent transferees, which could not be material or meaningful to potential investors.

Details of the term of the 2016 Plan, including the eligible participants, have been disclosed in the Prospectus. In addition, we have provided, in the Prospectus, the details of the incentives granted to our Directors and NEOs in our proxy statements for the years ended December 31, 2019, 2018 and 2017 and our comprehensive executive compensation program, which is in alignment with the business performance of our Company, to provide the investors with a full picture of how the executives of our Company are compensated based on their annual performance. Relevant disclosures are set out in "Directors, Senior Management and Employees — Compensation," and "Appendix IV — Statutory and General Information — D. Incentive Plans." As of the Latest Practicable Date, 11.2 million Shares of common stock, which account for 3.0% of the total outstanding Shares of common stock, were available for future grant and issuance to eligible persons, including the Directors, NEOs or other employees of the Group. Grants to the Directors and the NEOs are subject to the approval of the Board and the Compensation Committee comprising of independent Directors only, respectively. In accordance with SEC rules, our Company also asks Shareholders to approve, on an advisory basis, the compensation of the NEOs on an annual basis.

Our Company confirms that we have disclosed all information necessary for the public to make an informed assessment of the business, financial statements, management and prospects of our Group in the Prospectus. In this regard, the granting of the relevant waivers and exemptions sought will not prejudice the interests of the investing public.

Having considered that (a) the disclosure in the Prospectus is substantially the same as that set out in our SEC filings and complies with applicable U.S. laws and regulations; (b) other than what has been disclosed in our SEC filings with respect to our Directors and NEOs, the details of specific awards made under the 2016 Plan have not been disclosed in any filings with SEC or otherwise become available to the general public; (c) the 2016 Plan is not subject to Chapter 17 of the Hong Kong Listing Rules which is not applicable to us pursuant to Rule 19C.11 of the Hong Kong Listing Rules; and (d) the outstanding share incentive awards under the 2016 Plan account for approximately 4.0% of all our outstanding Shares of common stock as of the Latest Practicable Date, it is unnecessary, inappropriate and unduly burdensome for us to disclose all the information required under paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 10 of the Third Schedule to the Companies (WUMP) Ordinance, which could not be material or meaningful to potential investors.

We have applied to the Hong Kong Stock Exchange for, and have been granted by the Hong Kong Stock Exchange, a waiver from strict compliance with the requirements under paragraph 27 of Part A of Appendix 1 to the Hong Kong Listing Rules. We have also applied to the SFC for, and have been granted by the SFC, a certificate of exemption from strict compliance with paragraph 10 of the Third Schedule to the Companies (WUMP) Ordinance on the conditions that (i) the particulars of this exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before September 1, 2020.

Particulars and information of alteration of the Company's capital and subsidiaries

Paragraph 26 of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 11 of the Third Schedule to the Companies (WUMP) Ordinance require the listing document of a listing issuer to include the particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the listing document.

Paragraph 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraph 29 of the Third Schedule to the Companies (WUMP) Ordinance require the listing document of a listing issuer to include, information in relation to the name, date and place of incorporation, the public or private status and the general nature of the business, the issued capital and the proportion thereof held or intended to be held, of every company (a) the whole of the capital of which or a substantial proportion thereof is held or intended to be held by our Company, or (b) whose profits or assets make, or will make a material contribution to the figures in the Accountants' Report or to our Company's next financial statements.

Globally, we have more than 90 subsidiaries and consolidated affiliated entities. We have identified 22 entities that we consider as our Major Subsidiaries. By way of illustration, the Major Subsidiaries include, among others, all significant operating subsidiaries under the financial threshold of Regulation S-X in the U.S. and subsidiaries that are material to the business operation of our Group. The aggregate net income of our Major Subsidiaries for the six months ended June 30, 2020 and the year ended December 31, 2019 and the total assets of our Major Subsidiaries as of June 30, 2020 and December 31, 2019 extracted from the audited consolidated financial statements represent over 75% of our Group's net income for the same periods and total assets as of the same dates. For further details, see "Our History and Corporate Structure — Our Major Subsidiaries."

None of our non-Major Subsidiaries is individually material to our Company in terms of financial contribution to our Company, nor does any of them hold any assets, intellectual property rights or other proprietary technologies that are material to the business operation of our Group.

Accordingly, it would be unduly burdensome to disclose the particulars required under paragraphs 26 and 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules and paragraphs 11 and 29 of the Third Schedule to the Companies (WUMP) Ordinance in respect of our non-Major Subsidiaries, which include (a) any alterations in the capital within the two years immediately preceding the date of the Prospectus, (b) the name, date and place of incorporation, (c) the public or private status and the general nature of the business, and (d) the issued capital and the proportion thereof held or intended to be held, as we would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not provide further information that is meaningful to the investing public in Hong Kong.

Our Company confirms that we have disclosed all information necessary for the public to make an informed assessment of the business, financial statements, management and prospects of our Group in the Prospectus. In this regard, the granting of the relevant waivers and exemptions sought will not prejudice the interests of the investing public.

We have applied to the Hong Kong Stock Exchange for, and have been granted by the Hong Kong Stock Exchange, a waiver from strict compliance with the requirements under paragraphs 26 and 29(1) of Part A of Appendix 1 to the Hong Kong Listing Rules. We have also applied to the SFC for, and have been granted by the SFC, a certificate of exemption from strict compliance with paragraphs 11 and 29 of the Third Schedule to the Companies (WUMP) Ordinance on the conditions that (i) the particulars of this exemption are set out in the Prospectus; and (ii) the Prospectus will be issued on or before September 1, 2020.

Corporate Communications

Rule 2.07A of the Hong Kong Listing Rules provides that a listed issuer may send or otherwise make available to the relevant holders of its securities any corporate communication by electronic means, provided that either the listed issuer has previously received from each of the relevant holders of its securities an express, positive confirmation in writing or the shareholders of the listed issuer have resolved in a general meeting that the listed issuer may send or supply corporate communications to shareholders by making them available on the listed issuer's own website or the listed issuer's constitutional documents contain provision to that effect, and certain conditions are satisfied.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 2.07A of the Hong Kong Listing Rules on the following basis:

- We are an NYSE-listed company. We publicly file on the website of the SEC or furnish to the SEC various corporate communications, which include, among other things, our annual reports on Form 10-K and quarterly reports on Form 10-Q, as well as our proxy statements and corresponding materials. These documents are also available free of charge on our website as soon as reasonably practicable after they are filed with or furnished to the SEC.

- We have provided our Shareholders with sufficient channels to ensure the efficient communications with our Shareholders, through annual meetings, various investor events, our investor relations team, our corporate secretary and our Company website.

- Apart from the Offer Shares that will be offered by us for subscription in Hong Kong, the Offer Shares will also be placed to professional, institutional, corporate and other investors in Hong Kong and elsewhere in the world. Given our diverse shareholder base and the potential number of countries in which our Shareholders are located, it would not be practicable for us to send printed copies of all our corporate communications to all of our Shareholders. Further, given the expected liquidity of the trading of the Shares on the Hong Kong Stock Exchange, it would also not be practicable for us to approach all our Shareholders individually to seek confirmation from them of their wish to receive corporate communications in electronic form, or to provide

them with the right to request corporate communications in printed form instead. Given the various types resort of corporate communications available to our Shareholders, it would be costly, unnecessary and burdensome for us to fully comply with Rule 2.07A of the Hong Kong Listing Rules.

- In order to maintain regular and effective communication with our Shareholders, with effect from the Listing, in addition to the abovementioned corporate communications that have been carried out, we have or will make the following arrangements:

  (a) We will issue all future corporate communications as required by the Hong Kong Listing Rules on our own website in English and Chinese, and on Hong Kong Stock Exchange's website in English and Chinese.

  (b) We will provide printed copies of proxy materials in English and Chinese to our Shareholders in Hong Kong at no cost upon their request, which should be made following the relevant instructions for requesting such information.

  (c) We will also add to our own website a specific section named "HKEx Filings," which will direct investors to all of our future filings with the Hong Kong Stock Exchange.

Monthly Returns

Rule 13.25B of the Hong Kong Listing Rules requires a listed issuer to publish a monthly return in relation to movements in its equity securities, debt securities and any other securitized instruments, as applicable, during the period to which the monthly return relates. Pursuant to the Joint Policy Statement Regarding the Listing of Overseas Companies, companies applying for a secondary listing may seek a waiver from Rule 13.25B subject to satisfying the waiver condition that the SFC has granted a partial exemption from strict compliance with Part XV of the SFO (other than Divisions 5, 11 and 12 of Part XV of the SFO) in respect of disclosure of shareholders' interests.

As we have obtained a partial exemption from the SFC, we have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 13.25B of the Hong Kong Listing Rules. We will disclose information about share repurchases, if any, in our quarterly reports on Form 10-Q and annual reports on Form 10-K which are furnished or filed with the SEC in accordance with applicable U.S. rules and regulations.

Three-year Restriction on Spin-offs

Rule 19C.11 of the Hong Kong Listing Rules provides that, among other things, paragraphs 1 to 3(b) and 3(d) to 5 of Practice Note 15 to the Hong Kong Listing Rules ("**Practice Note 15**") do not apply to a Qualifying Issuer, like us, that has, or is seeking, a secondary listing on the Hong Kong Stock Exchange. Such exception is limited to circumstances where the spun-off assets or businesses are not to be listed on the Hong Kong Stock Exchange's markets and the approval of Shareholders of our Company is not required.

Paragraph 3(b) of Practice Note 15 provides that the Listing Committee would not normally consider a spin-off application within three years of the date of listing of the company, given the original listing of the company will have been approved on the basis of the company's portfolio of businesses at the time of listing, and that the expectation of investors at that time would have been that the company would continue to develop those businesses.

We do not have any specific plans with respect to the timing or details of any potential spin-off listing on the Hong Kong Stock Exchange as of the Latest Practicable Date. However, in light of our Group's overall business scale and multiple restaurant brands under our operation, spinning off one or more of our business units through a listing on the Hong Kong Stock Exchange (a "**Potential Spin-off Listing**") may become desirable and be in the interest of our Shareholders as a whole within three years after the Listing, e.g. if there are clear commercial benefits both to our Company and the businesses to be potentially spun-off. As of the Latest Practicable Date, we have not identified any target for a potential spin-off; as a result we do not have any information relating to the identity of any spin-off target or any other details of any spin-off and accordingly, there will be no material omission of any information relating to any possible spin-off in the Prospectus.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules, on the following grounds:

- No Shareholders' approval with respect to a Potential Spin-off Listing will be required under our Constitutional Documents and under applicable U.S. regulations and NYSE rules. Moreover, as we are a Grandfathered Greater China Issuer and therefore exempt from the requirements under Chapter 14 of the Hong Kong Listing Rules pursuant Rule 19C.11 of the Hong Kong Listing Rules, no Shareholders' approval will be required under the Hong Kong Listing Rules as well.

- The three-year restriction ("**Three-year Restriction**") imposed by paragraph 3(b) of the Practice Note 15 on a Potential Spin-off Listing should be waived. The effect that a spin-off to the Shareholders should be the same regardless of whether or not the businesses to be potentially spun-off are to be listed on the Hong Kong Stock Exchange (save with respect to any preferential rights to subscribe for shares that are commonly provided in spin-offs on the Hong Kong Stock Exchange). In addition, the Three-year Restriction will restrict us from conducting a spin-off within three years after the Listing even if such spin-off is desirable and in the interest of our Shareholders as a whole, which will lead to failure of us to act for the best interest of our Shareholders. In this regard, the Three-year Restriction imposed on the Potential Spin-off Listing under paragraph 3(b) of the Practice Note 15 will not provide additional meaningful protection to our Shareholders.

- In any event of a Potential Spin-off Listing, our Company and the subsidiary in respect of which a Potential Spin-off Listing is contemplated will be subject to compliance with all other applicable requirements under the Hong Kong Listing Rules, including the remaining requirements of Practice Note 15 and (in the case of the company to be spun-off) the listing eligibility requirements of Chapter 8, 8A or 19C of the Hong Kong Listing Rules (as the case may be), unless otherwise waived by the Hong Kong Stock Exchange.

- Under applicable U.S. securities laws and NYSE rules, we are not subject to any restrictions similar to the Three-year Restriction in relation to the spin-offs of our businesses, nor is there any requirement for us to disclose any details of our potential spin-off entities in the absence of any concrete spin-off plan.

- In light of the fiduciary duties owed by our Directors to us under applicable laws, including the duty to act in good faith to be in the best interests of our Shareholders, our Board will only pursue a potential spin-off if there are clear commercial benefits both to our Company and the entity or entities to be spun off. We will only conduct a spin-off if our Directors believe that the spin-off will be in the interest of our Company and our Shareholders as a whole.

Publication of Interim Report for the Six Month Ended June 30, 2020

Rule 13.48(1) of the Hong Kong Listing Rules requires an issuer to send to its members and holders of its listed securities an interim report or a summary interim report in respect of the first six months of the financial year within three months after the end of that period. In addition, the Hong Kong Stock Exchange's Listing Decision HKEx-LD38-2012 sets out the conditions that the Hong Kong Stock Exchange would ordinarily expect in connection with waiver application from strict compliance with the Rule 13.48(1) of the Hong Kong Listing Rules.

Practice Note 10 to the Hong Kong Listing Rules requires newly listed issuers to prepare and publish interim reports in respect of the first six month period where the deadline for publishing the reports falls after the date on which dealings in the securities of the issuer commenced.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 13.48(1) of, and Practice Note 10 to, the Hong Kong Listing Rules, on the following grounds:

- We are subject to the reporting requirements under the SEC rules in our primary market. Pursuant to the U.S. Exchange Act, we, being a large accelerated filer, are required to file quarterly reports on Form 10-Q no later than 40 days after the end of the fiscal quarter. Our quarterly report for the quarter ended June 30, 2020 was filed with the SEC on August 6, 2020. The publication of interim report requirement would therefore incur unnecessary administrative costs and time on the part of our management and be unduly burdensome for us.

- In addition, as we have included in the Prospectus our audited financial information in respect of the six months ended June 30, 2020 with unaudited comparative figures for the six months ended June 30, 2019, our Directors believe that strict compliance with the requirements of Rule 13.48(1) and Practice Note 10 to the Hong Kong Listing Rules would not provide our Shareholders and potential investors with additional material information of us not already contained in the Prospectus.

We confirm that we would not be in breach of the Constitutional Documents or laws or regulations of the United States or any other regulatory requirements for not preparing, publishing and sending an interim report under the Hong Kong Listing Rules to our Shareholders for the six months ended June 30, 2020.

Disclosure of Offer Price

Paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules states that the issue price or offer price of each security must be disclosed in the Prospectus.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with paragraph 15(2)(c) of Part A of Appendix 1 to the Hong Kong Listing Rules so that we will only disclose the maximum Public Offer Price for the Hong Kong Offer Shares, or the Public Offer Price, in the Prospectus, on the following grounds:

- The pricing of the Offer Shares will be determined by reference to, among other factors, the closing price of the Shares of common stock on the NYSE on the last trading day on or before the Price Determination Date and we have no control on the market price of our Shares of common stock traded on the NYSE;

- Setting a fixed price or a price range with a low end International Offer Price or Public Offer Price may adversely affect the market price of the Shares of common stock and the Hong Kong Offer Shares; and

- Disclosure of a maximum Public Offer Price is in compliance with the Companies (WUMP) Ordinance as such disclosure constitutes sufficient disclosure of the "amount payable" on application and allotment on the Offer Shares as required under the Companies (WUMP) Ordinance.

See "Structure of the Global Offering — Pricing and Allocation" for (i) the time for determination of the Public Offer Price and form of its publication; (ii) the historical prices of our Shares of common stock and trading volume on the NYSE; and (iii) the source for the investors to access the latest market price of our Shares of common stock.

Dealings in the Shares prior to Listing

According to Rule 9.09(b) of the Hong Kong Listing Rules, there must be no dealing in the securities of a new applicant for which listing is sought by any core connected person of the issuer from four clear business days before the expected hearing date until listing is granted (the "**Relevant Period**").

We have over 90 subsidiaries and consolidated affiliated entities and Shares of our common stock are widely held, publicly traded and listed on the NYSE. Considering the basis and grounds set out below, the following categories of persons (collectively, the "**Permitted Persons**") shall be permitted to deal in our Shares of common stock during the Relevant Period:

- the joint venture partners (the "**JV Partners**") of the Company's non-wholly owned Major Subsidiaries, which are substantial shareholders of such Major Subsidiaries, the directors appointed by the JV Partners who are not employees of the Group, and their close associates who have not been provided by the Company with any information relating to the Global Offering ("**Category 1**");

- directors, chief executives and substantial shareholders of our non-Major Subsidiaries and their close associates who have not been provided by the Company with any information relating to the Global Offering ("**Category 2**");

- any other person (whether or not an existing Shareholder) who may, as a result of dealings, become our substantial Shareholder and who is not our Director or chief executive, or a director or chief executive of our subsidiaries, or their close associates ("**Category 3**"); and

- Invesco Ltd. ("**Invesco**"), a substantial shareholder of the Company, holding 10.8% of the total number of issued and outstanding Shares as at June 30, 2020 based on the Form 13F filed with the SEC by it on August 14, 2020 and the close associates of Invesco.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 9.09(b) of the Hong Kong Listing Rules in respect of any dealing during the Relevant Period by the Permitted Persons subject to the following conditions:

- the Permitted Persons have not been provided with any of our non-public information in relation to the Global Offering, in accordance with our internal policies and rules in relation to the management of material non-public information. As a NYSE-listed company, the Company has implemented a strict internal confidentiality protocol. With respect to the non-public information regarding the Global Offering, the Company has only allowed, on a need-to-know basis, information access by (1) the Directors of the Company who are subject to confidentiality requirement under our corporate governance principles, (2) the leadership members of the Company who are subject to confidentiality undertakings they signed, and (3) a limited number of employees assisting the listing process who are subject to confidentiality undertakings they signed;

- the Permitted Persons are currently not and will not be involved in the preparation of the Global Offering, including the allocation process, therefore they do not have any influence on the Company in respect of the allocation of the Global Offering;

- of the Category 1 persons:

    - JV Partners: they are external parties not subject to trading restrictions implemented by the Group. None of them is under any contractual obligation to notify the Company regarding their trading in the Company's common stock currently listed and traded on the NYSE. As a result, the Company does not have any control or actual knowledge over their dealings in the Shares; and

    - Directors and chief executives appointed by JV Partners: they are appointed by the JV Partners at the joint venture level and are not employees of the Group. These non-employee directors are not controlled by us;

- with respect to Invesco, the Company has no control over any dealing in the Share made by Invesco:

    - Invesco is a passive investor of the Company. There has not been any existing business relationship between the Company and Invesco;

    - based on the public information available to the Company, Invesco is a global independent investment management firm and the Company has no control over the investment decisions of Invesco;

    - Regulation FD to which the Company is subject to prohibits companies from selectively disclosing material non-public information to analysts, institutional investors, and others without concurrently making widespread public disclosure;

    - Invesco does not have any board representative or other special rights in the Company and does not have control over the management of the Company; and

    - disclosure of the latest shareholding information of Invesco will be made in the Prospectus;

- we will promptly release any inside information to the public in the United States and Hong Kong in accordance with the relevant laws and regulations of the United States and Hong Kong. Accordingly, the Permitted Persons (other than Category 1 persons) are not in possession of any non-public inside information of which we are aware;

- the Company's core connected persons, other than the Permitted Persons, will not deal in the Shares during the Relevant Period. For the avoidance of doubt, such dealing in the Company's Shares of common stock shall not include the granting, vesting, payment or exercise (as applicable) of any awards in accordance with the terms of the 2016 Plan; and

- the Company will notify the Stock Exchange of any breaches of the dealing restrictions by any core connected persons, unless waived, as soon as the Company becomes aware of the same.

Subscription for Shares by existing Shareholders

Rule 10.04 of the Hong Kong Listing Rules requires that existing shareholders may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rule 10.03 of the Hong Kong Listing Rules are fulfilled. Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules states that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to be made to directors, existing shareholders of a listing applicant or their close associates, unless the conditions set out in Rules 10.03 and 10.04 are fulfilled.

Our Company has over 90 subsidiaries and consolidated affiliated entities and our Shares of common stock are widely held, publicly traded and listed on the NYSE. Category 2 of the Permitted Persons (as defined in "— Dealings in the Shares Prior to the Listing" above) have no influence over the Global Offering and are not in possession of any non-public inside information in relation to the Global Offering and are effectively in the same positions as our public investors. In addition, to the best knowledge of the Company, several Shareholders of the Company, who are large global assets managers, were interested in approximately 3% to 10% of the voting rights of the Company's Shares as of the Latest Practicable Date. Considering the nature of those investors and as the Company's Shares are publicly traded on the NYSE, the Company is not in the position to restrict those Shareholders from purchasing the Company's Shares and Shareholders who hold less than 5% of the voting rights of the Company's Shares may, in accordance with their own respective investment policies, increase their respective shareholdings in the Company to 5% or more. Category 2 of the Permitted Persons and other public investors who do not have special rights in the Company are referred to as Permitted Existing Shareholders.

We have applied for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules in respect of the restriction on Permitted Existing Shareholders to subscribe for or purchase Shares in the Global Offering, subject to the following conditions:

- each Permitted Existing Shareholder is interested in less than 10% of the Company's voting rights before the Listing;

- the Permitted Existing Shareholders do not have the power to appoint Directors of the Company or any other special rights in the Company;

- the Permitted Existing Shareholders do not have influence over the offering process and will be treated the same as other applicants and placees in the Global Offering;

- the Permitted Existing Shareholder will be subject to the same book-building and allocation process as other investors in the Global Offering; and

- to the best of their knowledge and belief, each of the Company, the Sponsor and the Joint Global Coordinators (based on its discussions with and the confirmations from the Company and the other Joint Global Coordinators (for themselves and on behalf of the Underwriters)), confirms to the Hong Kong Stock Exchange in writing that no preferential treatment has been, nor will be, given to the Permitted Existing Shareholders and their close associates as a placee in the International Offering by virtue of their relationship with the Company.

Allocation to the Permitted Existing Shareholders and/or their close associates will not be disclosed in our allotment results announcement (other than to the extent that such Permitted Existing Shareholders or close associates subscribe for shares as cornerstone investors) unless such Permitted Existing Shareholders are interested in 5% or more of our issued share capital after the Global Offering as disclosed in any of their public filings with the SEC (the "**Available Information**"). It would be unduly burdensome for us to disclose such information other than the Available Information given that there is no requirement to disclose interests in equity securities under the U.S. Exchange Act unless the beneficial ownership of a person reaches 5% or more, and when there is a subsequent change of ownership of 1% or more, in our issued share capital.

Availability of Copies of the Prospectus in Printed Form

We have adopted a fully electronic application process for the Hong Kong Public Offering and we will not provide printed copies of the Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. We will adopt additional communication measures as we consider appropriate to inform the potential investors that they can only subscribe for the Hong Kong Offer Shares electronically, including publishing on the website of the Company and in both English and Chinese-language newspapers, a formal notice describing the fully electronic application process including the available channels for share subscription of the Hong Kong Offer Shares. We have applied for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rules 12.04(3), 12.07 and 12.11 of the Hong Kong Listing Rules in respect of the availability of copies of the prospectus in printed form based on the specific and prevailing circumstances of the Company.

Clawback mechanism

Paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached. Subject to the Hong Kong Stock Exchange granting the waiver described below, the Hong Kong Public Offering and the International Offering will initially account for 4.0% and 96.0% of the Global Offering, respectively, subject to the clawback mechanism described below. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements of Paragraph 4.2 of Practice Note 18 to the Hong Kong Listing Rules such that the allocation of the Offer Shares in the Hong Kong Public Offering will be adjusted as follows:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 2,724,200 Offer Shares, representing approximately 6.5% of the Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option);

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 20 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 3,143,350 Offer Shares, representing approximately 7.5% of the Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option); and

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 20 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 6,915,300 Offer Shares, representing approximately 16.5% of the Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators would have discretion to allocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. On the other hand, if the Hong Kong Public Offering is not fully subscribed, the unsubscribed Offer Shares under the Hong Kong Public Offering may be reallocated to the International Offering.

See "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" for further details.