UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to _________________

Commission file number 001-37762

Yum China Holdings, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**81-2421743**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
101 East Park Boulevard, Suite 805 **Plano, Texas 75074** **United States of America**	**Yum China Building** **20 Tian Yao Qiao Road** **Shanghai 200030** **People's Republic of China**

(Address, Including Zip Code, of Principal Executive Offices)

(469) 980-2898
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	YUMC	New York Stock Exchange
	9987	The Stock Exchange of Hong Kong Limited

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of August 4, 2026 was 342,458,136 shares.

Yum China Holdings, Inc.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statements of Income (Unaudited)
Yum China Holdings, Inc.
(in US$ millions, except per share data)

	Quarter Ended		Year to Date Ended	
Revenues	**6/30/2026**	**6/30/2025**	**6/30/2026**	**6/30/2025**
Company sales	$ 2,910	$ 2,613	$ 5,957	$ 5,414
Franchise fees and income	29	24	59	51
Revenues from transactions with franchisees	155	115	311	236
Other revenues	44	35	82	67
Total revenues	3,138	2,787	6,409	5,768
Costs and Expenses, Net				
Company restaurants				
Food and paper	918	810	1,881	1,684
Payroll and employee benefits	804	712	1,617	1,431
Occupancy and other operating expenses	719	669	1,437	1,357
Company restaurant expenses	2,441	2,191	4,935	4,472
General and administrative expenses	139	131	276	269
Franchise expenses	12	10	24	21
Expenses for transactions with franchisees	148	110	298	227
Other operating costs and expenses	38	30	69	59
Closures and impairment expenses, net	12	12	12	18
Other income, net	—	(1)	—	(1)
Total costs and expenses, net	2,790	2,483	5,614	5,065
Operating Profit	348	304	795	703
Interest income, net	12	25	28	51
Investment loss	(6)	(18)	(17)	(15)
Income Before Income Taxes and Equity in Net Earnings (Losses) from Equity Method Investments	354	311	806	739
Income tax provision	(92)	(80)	(215)	(199)
Equity in net earnings (losses) from equity method investments	2	2	4	6
Net income – including noncontrolling interests	264	233	595	546
Net income – noncontrolling interests	20	18	42	39
Net Income – Yum China Holdings, Inc.	$ 244	$ 215	$ 553	$ 507
Weighted-average common shares outstanding (in millions):				
Basic	348	373	350	374
Diluted	349	374	351	376
Basic Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.58	$ 1.36
Diluted Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.57	$ 1.35

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)
Yum China Holdings, Inc.
(in US$ millions)

	Quarter Ended		Year to Date Ended	
	6/30/2026	**6/30/2025**	**6/30/2026**	**6/30/2025**
Net income – including noncontrolling interests	$ 264	$ 233	$ 595	$ 546
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustments	83	60	150	87
Comprehensive income – including noncontrolling interests	347	293	745	633
Comprehensive income – noncontrolling interests	30	25	60	50
Comprehensive Income – Yum China Holdings, Inc.	$ 317	$ 268	$ 685	$ 583

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Cash Flows (Unaudited)
Yum China Holdings, Inc.
(in US$ millions)

	Year to Date Ended	
	6/30/2026	**6/30/2025**
Cash Flows – Operating Activities		
Net income – including noncontrolling interests	$ 595	$ 546
Depreciation and amortization	237	219
Non-cash operating lease cost	211	199
Closures and impairment expenses	12	18
Investment loss	17	15
Equity in net (earnings) losses from equity method investments	(4)	(6)
Distributions of income received from equity method investments	8	9
Deferred income taxes	(9)	(3)
Share-based compensation expense	23	22
Changes in accounts receivable	(17)	(13)
Changes in inventories	(8)	52
Changes in prepaid expenses, other current assets and value-added tax assets	72	(8)
Changes in accounts payable and other current liabilities	39	(53)
Changes in income taxes payable	15	24
Changes in non-current operating lease liabilities	(187)	(200)
Other, net	(28)	43
Net Cash Provided by Operating Activities	976	864
Cash Flows – Investing Activities		
Capital spending	(271)	(259)
Purchases of short-term investments, long-term bank deposits and notes	(3,777)	(3,924)
Maturities of short-term investments, long-term bank deposits and notes	3,781	3,905
Acquisition of equity investment	—	(14)
Other, net	2	2
Net Cash Used in Investing Activities	(265)	(290)
Cash Flows – Financing Activities		
Proceeds from short-term borrowings	65	—
Repayment of short-term borrowings	(30)	(129)
Repurchase of shares of common stock	(530)	(368)
Cash dividends paid on common stock	(203)	(180)
Dividends paid to noncontrolling interests	(32)	(25)
Other, net	(9)	(7)
Net Cash Used in Financing Activities	(739)	(709)
Effect of Exchange Rates on Cash, Cash Equivalents and Restricted Cash	7	4
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(21)	(131)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Period	506	723
Cash, Cash Equivalents, and Restricted Cash - End of Period	$ 485	$ 592
Supplemental Cash Flow Data		
Cash paid for income tax	212	183
Non-cash Investing and Financing Activities		
Capital expenditures included in accounts payable and other current liabilities	150	132

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Balance Sheets
Yum China Holdings, Inc.
(in US$ millions)

	6/30/2026 (Unaudited)	12/31/2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 485	$ 506
Short-term investments	901	878
Accounts receivable, net	115	95
Inventories, net	459	438
Prepaid expenses and other current assets	390	440
Total Current Assets	2,350	2,357
Property, plant and equipment, net	2,623	2,543
Operating lease right-of-use assets	2,114	2,189
Goodwill	2,021	1,963
Intangible assets, net	151	148
Long-term bank deposits and notes	688	678
Equity investments	382	387
Deferred income tax assets	168	156
Other assets	374	362
Total Assets	10,871	10,783
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	2,263	2,127
Short-term borrowings	66	30
Income taxes payable	107	89
Total Current Liabilities	2,436	2,246
Non-current operating lease liabilities	1,747	1,823
Non-current finance lease liabilities	50	51
Deferred income tax liabilities	418	406
Other liabilities	159	158
Total Liabilities	4,810	4,684
Redeemable Noncontrolling Interest	—	—
Equity		
Common stock, $0.01 par value; 1,000 million shares authorized; 345 million shares and 355 million shares issued at June 30, 2026 and December 31, 2025, respectively; 345 million shares and 354 million shares outstanding at June 30, 2026 and December 31, 2025, respectively.	3	4
Treasury stock	(13)	(28)
Additional paid-in capital	3,696	3,796
Retained earnings	1,696	1,764
Accumulated other comprehensive loss	(25)	(157)
Total Yum China Holdings, Inc. Stockholders' Equity	5,357	5,379
Noncontrolling interests	704	720
Total Equity	6,061	6,099
Total Liabilities, Redeemable Noncontrolling Interest and Equity	$ 10,871	$ 10,783

See accompanying Notes to Condensed Consolidated Financial Statements.

Condensed Consolidated Statements of Equity (Unaudited)
Yum China Holdings, Inc.
(in US$ millions)

	Yum China Holdings, Inc.									
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Noncontrolling Interests	Total Equity*	Redeemable Noncontrolling Interest
	Shares*	Amount*				Shares*	Amount			
Balance at March 31, 2026	**351**	**$ 4**	**$ 3,752**	**$ 1,788**	**$ (98)**	**—**	**$ (13)**	**$ 674**	**$ 6,107**	**$ —**
Net Income				244				20	264	—
Foreign currency translation adjustments					73			10	83	—
Comprehensive income									347	—
Cash dividends declared ($0.29 per common share)				(101)					(101)	
Repurchase and retirement of shares	(6)	—	(69)	(235)		—	—		(304)	
Exercise and vesting of share-based awards	—	—	—						—	
Share-based compensation			13					—	13	
Balance at June 30, 2026	**345**	**$ 3**	**$ 3,696**	**$ 1,696**	**$ (25)**	**—**	**$ (13)**	**$ 704**	**$ 6,061**	**$ —**
Balance at March 31, 2025	**375**	**$ 4**	**$ 3,982**	**$ 2,124**	**$ (318)**	**—**	**$ (8)**	**$ 642**	**$ 6,426**	**$ 13**
Net Income				215				18	233	—
Foreign currency translation adjustments					53			7	60	—
Comprehensive income									293	—
Cash dividends declared ($0.24 per common share)				(90)					(90)	
Repurchase and retirement of shares	(4)	—	(43)	(139)		—	(4)		(186)	
Exercise and vesting of share-based awards	—	—	—						—	
Share-based compensation			13					—	13	
Balance at June 30, 2025	**371**	**$ 4**	**$ 3,952**	**$ 2,110**	**$ (265)**	**—**	**$ (12)**	**$ 667**	**$ 6,456**	**$ 13**

*: Shares and amounts may not add due to rounding.

	Yum China Holdings, Inc.									
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Noncontrolling Interests	Total Equity*	Redeemable Noncontrolling Interest
	Shares*	Amount*				Shares*	Amount			
Balance at December 31, 2025	**355**	**$ 4**	**$ 3,796**	**$ 1,764**	**$ (157)**	**(1)**	**$ (28)**	**$ 720**	**$ 6,099**	**$ —**
Net Income				553				42	595	—
Foreign currency translation adjustments					132			18	150	—
Comprehensive income									745	—
Cash dividends declared ($0.58 per common share)				(203)					(203)	
Distributions to noncontrolling interests								(76)	(76)	
Repurchase and retirement of shares	(11)	—	(117)	(418)		—	15		(520)	
Exercise and vesting of share-based awards	1	—	(6)						(6)	
Share-based compensation			23					—	23	
Balance at June 30, 2026	**345**	**$ 3**	**$ 3,696**	**$ 1,696**	**$ (25)**	**—**	**$ (13)**	**$ 704**	**$ 6,061**	**$ —**
Balance at December 31, 2024	**379**	**$ 4**	**$ 4,028**	**$ 2,089**	**$ (341)**	**(1)**	**$ (52)**	**$ 686**	**$ 6,414**	**$ 13**
Net Income				507				39	546	—
Foreign currency translation adjustments					76			11	87	—
Comprehensive income									633	—
Cash dividends declared ($0.48 per common share)				(180)					(180)	
Distributions to noncontrolling interests								(69)	(69)	
Repurchase and retirement of shares	(9)	—	(93)	(306)		1	40		(359)	
Exercise and vesting of share-based awards	1	—	(5)						(5)	
Share-based compensation			22					—	22	
Balance at June 30, 2025	**371**	**$ 4**	**$ 3,952**	**$ 2,110**	**$ (265)**	**—**	**$ (12)**	**$ 667**	**$ 6,456**	**$ 13**

*: Shares and amounts may not add due to rounding.

See accompanying Notes to Condensed Consolidated Financial Statements.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(Tabular amounts in US$ millions, except as otherwise noted)

Note 1 – Description of Business

Yum China Holdings, Inc. (“Yum China” and, together with its subsidiaries, the “Company,” “we,” “us,” and “our”) was incorporated in Delaware on April 1, 2016. The Company separated from Yum! Brands, Inc. (“YUM”) on October 31, 2016 (the “separation”).

The Company owns, franchises or has ownership in entities that own and operate restaurants (also referred to as “stores” or “units”) under the KFC, Pizza Hut, Lavazza, Huang Ji Huang, Little Sheep and Taco Bell concepts (collectively, the “concepts”). Our right to use and sublicense the use of intellectual property owned by YUM and its subsidiaries for the development and operation of the KFC, Pizza Hut and Taco Bell brands and their related marks and other intellectual property rights for restaurant services is governed by the master license agreement between Yum Restaurants Consulting (Shanghai) Company Limited (“YCCL”), a wholly-owned indirect subsidiary of the Company and a subsidiary of YUM. Pursuant to the master license agreement, we are the exclusive licensee of the KFC, Pizza Hut and, subject to the agreed terms, Taco Bell brands and their related marks and other intellectual property rights for restaurant services in the People’s Republic of China (the “PRC” or “China”), excluding Hong Kong, Macau and Taiwan. The term of the license is 50 years from October 31, 2016, with automatic renewals for additional consecutive renewal terms of 50 years each, subject only to us being in “good standing” and unless we give notice of our intent not to renew. In exchange, we pay a license fee to YUM equal to 3% of net system sales from both our Company and franchise restaurants. In June 2026, the Company announced that it has entered into a definitive agreement with YUM to acquire ownership of the Pizza Hut brand in Mainland China. Upon closing, the Company will no longer be subject to the license fees previously payable to YUM for the Pizza Hut brand. At the closing, the Company and YUM entered into an amended and restated master license agreement with YUM for the KFC and Taco Bell brands in Mainland China. We own the intellectual property of Huang Ji Huang and Little Sheep and pay no license fee related to these concepts.

In 1987, KFC was the first major global restaurant brand to enter China. As of June 30, 2026, there were 13,789 KFC stores in China. We maintain a controlling interest of 58%, 70%, 83%, 92% and approximately 60% in the entities that own and operate the KFCs in and around Shanghai, Beijing, Wuxi, Suzhou and Hangzhou, respectively.

The first Pizza Hut in China opened in 1990. As of June 30, 2026, there were 4,549 Pizza Hut restaurants in China.

In the second quarter of 2020, the Company partnered with Luigi Lavazza S.p.A. (“Lavazza Group”), the world-renowned family-owned Italian coffee company, and established a joint venture (“Lavazza joint venture”) to explore and develop the Lavazza coffee concept in China. Lavazza joint venture operates both the coffee shop business and the retail business. We maintain a controlling interest of 65% equity interest in the Lavazza joint venture.

In 2017, the Company acquired a controlling interest in the holding company of DAOJIA.com.cn (“Daojia”), an online food delivery service provider in China. This business was extended to also include a team managing the delivery services for restaurants, including restaurants in our system, with their results reported under our delivery operating segment.

The Company has two reportable segments: KFC and Pizza Hut. Our non-reportable operating segments, including the operations of Lavazza, Huang Ji Huang, Little Sheep, Taco Bell and our delivery operating segment, are combined and referred to as All Other Segments, as these operating segments are insignificant both individually and in the aggregate. Additional details on our segment reporting are included in Note 13.

The Company’s common stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “YUMC”. On September 10, 2020, the Company completed a secondary listing of its common stock on the Main Board of the Hong Kong Stock Exchange (“HKEX”) under the stock code “9987,” in connection with a global offering of 41,910,700 shares of its common stock. Net proceeds raised by the Company from the global offering after deducting underwriting fees and the offering expenses amounted to $2.2 billion. On October 24, 2022, the Company’s voluntary conversion of its secondary listing status to a primary listing status on the HKEX became effective (“Primary Conversion”) and the Company became a dual primary listed company on the NYSE and HKEX. On the same day, the Company’s shares of common stock traded on the HKEX were included in the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. The Company’s common stock listed on the NYSE and HKEX continue to be fully fungible.

Note 2 – Basis of Presentation

Our preparation of the accompanying Condensed Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles in the United States of America (“GAAP”) requires us to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

We have prepared the Condensed Consolidated Financial Statements in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The Condensed Consolidated Financial Statements include all normal and recurring adjustments considered necessary to present fairly our financial position as of June 30, 2026, and our results of operations, comprehensive income and statements of equity for the quarters and years to date ended June 30, 2026 and 2025, and cash flows for the years to date ended June 30, 2026 and 2025. Our results of operations, comprehensive income and cash flows for these interim periods are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K as filed with the SEC on February 27, 2026.

Through the acquisition of Daojia, the Company also acquired a variable interest entity ("VIE") and subsidiaries of the VIE effectively controlled by Daojia. There exists a parent-subsidiary relationship between Daojia and its VIE as a result of certain exclusive agreements that require Daojia to consolidate its VIE and subsidiaries of the VIE because Daojia is the primary beneficiary that possesses the power to direct the activities of the VIE that most significantly impact its economic performance, and is entitled to substantially all of the profits and has the obligation to absorb all of the expected losses of the VIE. The acquired VIE and its subsidiaries were considered immaterial, both individually and in the aggregate. The results of Daojia's operations have been included in the Company's Condensed Consolidated Financial Statements since the acquisition date.

Recently Adopted Accounting Pronouncements

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"), which provides the option to elect a practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the asset when developing a reasonable and supportable forecast as part of estimating expected credit losses on these assets. ASU 2025-05 is effective for the Company from January 1, 2026, with early adoption permitted. We adopted this standard on January 1, 2026, and elected to adopt the practical expedient prospectively. Such adoption did not have a material impact on our financial statements.

Note 3 – Business Acquisitions and Equity Investments

Consolidation of Hangzhou KFC and Equity Investment in Hangzhou Catering

In the fourth quarter of 2021, the Company completed its investment in a 28% equity interest in Hangzhou Catering, an entity holding a 45% equity interest in Hangzhou KFC, of which the Company previously held a 47% equity interest. Upon completion of the transaction, the Company directly and indirectly holds an approximately 60% equity interest in Hangzhou KFC and has majority representation on the board, and thus obtained control over Hangzhou KFC and started to consolidate its results from the acquisition date. In addition to its equity interest in Hangzhou KFC, Hangzhou Catering operates Chinese dining restaurants under four time-honored brands and a food processing business. The Company applies the equity method of accounting to the 28% equity interest in Hangzhou Catering excluding the Hangzhou KFC business and recorded this investment in Equity investments based on its then fair value. The Company elected to report its share of Hangzhou Catering's financial results with a one-quarter lag because its results are not available in time for the Company to record them in the concurrent period. The Company's equity earnings (losses) from Hangzhou Catering, net of taxes, were immaterial for both quarters and years to date ended June 30, 2026 and 2025, and included in Equity in net earnings (losses) from equity method investments in our Condensed Consolidated Statements of Income. As of June 30, 2026 and December 31, 2025, the carrying amount of the Company's equity method investment in Hangzhou Catering was $58 million and $54 million, respectively, exceeding the Company's interest in Hangzhou Catering's underlying net assets by $22 million and $22 million, respectively. Substantially all of this difference was attributable to its self-owned properties and impact of related deferred tax liabilities determined upon acquisition, which is being depreciated over a weighted-average remaining useful life of 20 years.

The purchase amount from Hangzhou Catering was immaterial for both quarters and years to date ended June 30, 2026 and 2025. The Company's accounts payable and other current liabilities due to Hangzhou Catering were immaterial as of both June 30, 2026 and December 31, 2025.

Fujian Sunner Development Co., Ltd. ("Sunner") Investment

In the first quarter of 2021, the Company acquired a 5% equity interest in Sunner, a Shenzhen Stock Exchange-listed company. Sunner is China's largest white-feathered chicken producer and the Company's largest poultry supplier.

In May 2021, the Company obtained one seat on Sunner's board of directors upon Sunner's shareholder approval. The representation on the board, along with the Company being one of Sunner's significant shareholders, provides the Company with the ability to exercise significant influence over the operating and financial policies of Sunner. As a result, the Company started to apply the equity method of accounting to the investment in May 2021 based on its then fair value. The Company elected to report its share of Sunner's financial results with a one-quarter lag because Sunner's results are not available in time for the Company to record them in the concurrent period. The Company's equity earnings from Sunner, net of taxes, was $1 million for both quarters ended June 30, 2026 and 2025, and was $3 million for both years to date ended June 30, 2026 and 2025, which were included in Equity in net earnings (losses) from equity method investments in our Condensed Consolidated Statements of Income.

The Company purchased inventories of $105 million and $89 million from Sunner for the quarters ended June 30, 2026 and 2025, respectively, and $201 million and $175 million for the years to date ended June 30, 2026 and 2025, respectively. The Company's accounts payable and other current liabilities due to Sunner were $43 million and $34 million as of June 30, 2026 and December 31, 2025, respectively.

As of June 30, 2026 and December 31, 2025, the carrying amount of the Company's investment in Sunner was $240 million and $231 million, respectively, exceeding the Company's interest in Sunner's underlying net assets by $157 million and $153 million, respectively. As of June 30, 2026 and December 31, 2025, $14 million and $15 million of these basis differences were related to finite-lived intangible assets determined upon acquisition, respectively, which are being amortized over the estimated useful life of 20 years. The remaining differences were related to goodwill and indefinite-lived intangible assets, which are not subject to amortization, as well as deferred tax liabilities impact. As of June 30, 2026 and December 31, 2025, the market value of the Company's investment in Sunner was $139 million and $147 million based on its quoted closing price, respectively.

Meituan Dianping ("Meituan") Investment

In the third quarter of 2018, the Company subscribed for 8.4 million, or less than 1%, of the ordinary shares of Meituan, a delivery aggregator in China, for a total consideration of approximately $74 million, when it launched its initial public offering on the HKEX in September 2018. In the second quarter of 2020, the Company sold 4.2 million of the ordinary shares of Meituan.

The Company accounts for the equity securities at fair value with subsequent fair value changes recorded in our Condensed Consolidated Statements of Income. The fair value of the investment in Meituan is determined based on the closing market price for the shares at the end of each reporting period. The fair value change, to the extent the closing market price of shares of Meituan as of the end of reporting period is higher than our cost, is subject to U.S. tax.

A summary of pre-tax gains or losses on investment in equity securities of Meituan recognized, which were included in Investment gain (loss) in our Condensed Consolidated Statements of Income, is as follows:

	Quarter Ended		**Year to Date Ended**	
	6/30/2026	**6/30/2025**	**6/30/2026**	**6/30/2025**
Unrealized loss recorded on equity securities held as of the end of the period	$ (7)	$ (17)	$ (19)	$ (15)

Other Equity Investments

In addition, the Company has strategic equity investments in its eco-system partners, including food and information technology service suppliers. For investments over which the Company has significant influence but does not control, the Company applies equity method to account for such investments. These investments were immaterial both individually and in aggregate, totaling $31 million and $30 million as of June 30, 2026 and December 31, 2025, respectively. The Company purchased inventories or services from these investees and the purchase amounts were immaterial for both quarters and years to date ended June 30, 2026 and 2025.

In the first quarter of 2025, the Company completed a strategic investment in SnowValley Agricultural Group, one of the Company's key suppliers for potato and a private company, for a total consideration of $14 million. The investment contains certain preferential rights, including the right to redeem shares at the Company's option upon contingent events, and is therefore accounted for as available-for-sale debt securities measured at the estimated fair value. The unrealized gains or losses, arising from the change in fair value, net of tax, is recognized in Other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income. As of both June 30, 2026 and December 31, 2025, the carrying amount of the investment was $15 million and fair value change was nil for both quarters and years to date ended June 30, 2026 and 2025.

Note 4 – Revenue Recognition

The Company's revenues include Company sales, Franchise fees and income, Revenues from transactions with franchisees, and Other revenues.

Company Sales

Revenues from Company-owned restaurants are recognized when a customer takes possession of the food and tenders payment, which is when our obligation to perform is satisfied. The Company presents sales net of sales-related taxes. We also offer our customers delivery through both our own mobile applications and third-party aggregators' platforms. We use both our dedicated riders and platform riders to deliver orders. When orders are fulfilled by our dedicated riders or platform riders, we control and determine the price for the delivery service and generally recognize revenue, including delivery fees, when a customer takes possession of the food. When orders are fulfilled by the delivery staff of third-party aggregators, who control and determine the price for the delivery service, we recognize revenue, excluding delivery fees, when control of the food is transferred to the third-party aggregators' delivery staff. The payment terms with respect to these sales are short-term in nature.

We recognize revenues from prepaid stored-value products, including gift cards and product vouchers, when they are redeemed by the customer. Prepaid gift cards sold at any given point generally expire over the next 36 months, and product vouchers generally expire over a period of up to 12 months. We recognize breakage revenue, which is the amount of prepaid stored-value products that is not expected to be redeemed, either (1) proportionally in earnings as redemptions occur, in situations where the Company expects to be entitled to a breakage amount, or (2) when the likelihood of redemption is remote, in situations where the Company does not expect to be entitled to breakage, provided that there is no requirement for remitting balances to government agencies under unclaimed property laws. The Company reviews its breakage estimates at least annually based upon the latest available information regarding redemption and expiration patterns.

Our privilege membership programs offer privilege members rights to multiple benefits, such as free delivery and discounts on certain products. For certain privilege membership programs offering a pre-defined amount of benefits that can be redeemed ratably over the membership period, revenue is ratably recognized over the period based on the elapse of time. With respect to privilege membership programs offering members a mix of distinct benefits, including a welcome gift and assorted discount coupons with pre-defined quantities, consideration collected is allocated to the benefits provided based on their relative standalone selling price and revenue is recognized when food or services are delivered or the benefits expire. In determining the relative standalone selling price of the benefits, the Company considers likelihood of future redemption based on historical redemption pattern and reviews such estimates periodically based upon the latest available information regarding redemption and expiration patterns.

Franchise Fees and Income

Franchise fees and income primarily include a combination of upfront franchise fees and continuing fees. We have determined that the services we provide in exchange for upfront franchise fees and continuing fees are highly interrelated with the franchise right. We recognize upfront franchise fees received from a franchisee as revenue over the term of the franchise agreement or the renewal agreement because the franchise rights are accounted for as rights to access our symbolic intellectual property. The franchise agreement term is generally 10 years for KFC and Pizza Hut, generally five years for Little Sheep and three to 10 years for Huang Ji Huang. We recognize continuing fees, which are based upon a percentage of franchisee sales, as those sales occur.

Revenues from Transactions with Franchisees

Revenues from transactions with franchisees consist primarily of sales of food and paper products, advertising services, delivery services and other services provided to franchisees.

The Company centrally purchases substantially all food and paper products from suppliers for substantially all of our restaurants, including franchisees, and then sells and delivers them to the restaurants. In addition, the Company owns seasoning facilities for its Chinese dining business unit, which primarily manufacture and sell seasoning products to Huang Ji Huang and Little Sheep franchisees. The Company also provides delivery services to franchisees. The performance obligation arising from such transactions is considered distinct from the franchise agreement as it is not highly dependent on the franchise agreement and the customer can benefit from such services on its own. We consider ourselves the principal in this arrangement as we have the ability to control a promised good or service before transferring that good or service to the franchisees. Revenue is recognized upon transfer of control over ordered items or services, generally upon delivery to the franchisees.

For advertising services, the Company often engages third parties to provide services and acts as a principal in the transaction based on our responsibilities of defining the nature of the services and administering and directing all marketing and advertising programs in accordance with the provisions of our franchise agreements. The Company collects advertising contributions, which are generally based on certain percentage of sales from substantially all of our restaurants, including franchisees. Other services provided to franchisees consist primarily of customer and technology support services. Advertising services and other services provided are highly interrelated to franchise right, and are not considered individually distinct. We recognize revenue when the related sales occur.

Other Revenues

Other revenues primarily include i) sales of products to customers through e-commerce channels, sales of Lavazza coffee retail products beyond Lavazza coffee shops, and sales of our seasoning products to distributors, and ii) revenues from logistics and warehousing services provided to third parties through our supply chain network. Our segment disclosures also include revenues relating to delivery services that were provided to our Company-owned restaurants and, therefore, were eliminated for consolidation purposes.

Other revenues are recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

Loyalty Programs

Each of the Company's KFC and Pizza Hut reportable segments operates a loyalty program that allows registered members to earn points for each qualifying purchase. Points, which generally expire 18 months after being earned, may be redeemed for future purchases of KFC or Pizza Hut branded products or other products for free or at a discounted price. Points cannot be redeemed or exchanged for cash. The estimated value of points earned by the loyalty program members is recorded as a reduction of revenue at the time the points are earned, based on the percentage of points that are projected to be redeemed, with a corresponding deferred revenue liability included in Accounts payable and other current liabilities in the Condensed Consolidated Balance Sheets and subsequently recognized into revenue when the points are redeemed or expire. The Company estimates the value of the future redemption obligations based on the estimated value of the product for which points are expected to be redeemed and historical redemption patterns and reviews such estimates periodically based upon the latest available information regarding redemption and expiration patterns.

Disaggregation of Revenue

The following tables present revenue disaggregated by types of arrangements and segments:

	Quarter Ended 6/30/2026						
Revenues	**KFC**	**Pizza Hut**	**All Other Segments**	**Corporate and Unallocated**	**Combined**	**Elimination**	**Consolidated**
Company sales	$ 2,294	$ 604	$ 12	$ —	$ 2,910	$ —	$ 2,910
Franchise fees and income	24	3	2	—	29	—	29
Revenues from transactions with franchisees	19	3	25	108	155	—	155
Other revenues	1	3	235	25	264	(220)	44
Total revenues	$ 2,338	$ 613	$ 274	$ 133	$ 3,358	$ (220)	$ 3,138

	Quarter Ended 6/30/2025						
Revenues	**KFC**	**Pizza Hut**	**All Other Segments**	**Corporate and Unallocated**	**Combined**	**Elimination**	**Consolidated**
Company sales	$ 2,059	$ 545	$ 9	$ —	$ 2,613	$ —	$ 2,613
Franchise fees and income	19	2	3	—	24	—	24
Revenues from transactions with franchisees	17	1	17	80	115	—	115
Other revenues	1	6	172	17	196	(161)	35
Total revenues	$ 2,096	$ 554	$ 201	$ 97	$ 2,948	$ (161)	$ 2,787

Revenues	Year to Date Ended 6/30/2026 KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Combined	Elimination	Consolidated
Company sales	$ 4,704	$ 1,231	$ 22	$ —	$ 5,957	$ —	$ 5,957
Franchise fees and income	47	6	6	—	59	—	59
Revenues from transactions with franchisees	38	5	51	217	311	—	311
Other revenues	2	6	483	47	538	(456)	82
Total revenues	$ 4,791	$ 1,248	$ 562	$ 264	$ 6,865	$ (456)	$ 6,409

Revenues	Year to Date Ended 6/30/2025 KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Combined	Elimination	Consolidated
Company sales	$ 4,267	$ 1,129	$ 18	$ —	$ 5,414	$ —	$ 5,414
Franchise fees and income	40	4	7	—	51	—	51
Revenues from transactions with franchisees	33	3	36	164	236	—	236
Other revenues	2	13	342	34	391	(324)	67
Total revenues	$ 4,342	$ 1,149	$ 403	$ 198	$ 6,092	$ (324)	$ 5,768

Accounts Receivable

Accounts receivable primarily consist of trade receivables and royalties from franchisees, and are generally due within 30 days of the period in which the corresponding sales occur. Our provision of credit losses for accounts receivable is based upon the current expected credit losses ("CECL") model. The CECL model requires an estimate of the credit losses expected over the life of accounts receivable since initial recognition, and accounts receivable with similar risk characteristics are grouped together when estimating CECL. In assessing the CECL, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical credit loss experience, adjusted for relevant factors impacting collectability and forward-looking information. Upon adoption of ASU 2025-05 on January 1, 2026, the Company elected the practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of accounts receivable. While we use the best information available in making our determination, the ultimate recovery of recorded receivables is also dependent upon future economic events and other conditions that may be beyond our control. Accounts receivable that are ultimately deemed to be uncollectible, and for which collection efforts have been exhausted, are written off against the allowance for doubtful accounts. As of both June 30, 2026 and December 31, 2025, the ending balances of provision for accounts receivable were $2 million, and amounts of accounts receivable past due were immaterial.

Costs to Obtain Contracts

Costs to obtain contracts primarily consist of license fees that are payable to YUM in relation to our deferred revenue of prepaid stored-value products, privilege membership programs and customer loyalty programs. They meet the requirements to be capitalized as they are incremental costs of obtaining contracts with customers and the Company expects to generate future economic benefits from such costs incurred. Such costs to obtain contracts are included in Other assets and Prepaid expenses and other current assets in the Condensed Consolidated Balance Sheets and are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The Company did not incur any impairment losses related to costs to obtain contracts during any of the periods presented. Costs to obtain contracts were $7 million and $6 million as of June 30, 2026 and December 31, 2025, respectively.

Contract Liabilities

Contract liabilities at June 30, 2026 and December 31, 2025 were as follows:

Contract liabilities	6/30/2026	12/31/2025
– Deferred revenue related to prepaid stored-value products	$ 147	$ 133
– Deferred revenue related to upfront franchise fees	56	57
– Deferred revenue related to customer loyalty programs	19	18
– Deferred revenue related to privilege membership programs	43	44
Total	$ 265	$ 252

Contract liabilities primarily consist of deferred revenue related to prepaid stored-value products, privilege membership programs, customer loyalty programs and upfront franchise fees, including initial fees and pre-opening service fees. Deferred revenue related to prepaid stored-value products, privilege membership programs and customer loyalty programs is included in Accounts payable and other current liabilities in the Condensed Consolidated Balance Sheets. Deferred revenue related to upfront franchise fees that we expect to recognize as revenue in the next 12 months is included in Accounts payable and other current liabilities, and the remaining balance is included in Other liabilities in the Condensed Consolidated Balance Sheets. Revenue recognized that was included in the contract liability balance at the beginning of each period amounted to $56 million and $50 million for the quarters ended June 30, 2026 and 2025, respectively, and $86 million and $80 million for the years to date ended June 30, 2026 and 2025, respectively. Changes in contract liability balances were not materially impacted by business acquisition, change in estimate of transaction price or any other factors during any of the periods presented.

The Company has elected, as a practical expedient, not to disclose the value of remaining performance obligations associated with sales-based royalty promised to franchisees in exchange for franchise right and other related services. The remaining duration of the performance obligation is the remaining contractual term of each franchise agreement. We recognize continuing franchisee fees and revenues from advertising services and other services provided to franchisees based on a certain percentage of sales, as those sales occur.

Note 5 – Earnings Per Common Share ("EPS")

The following table summarizes the components of basic and diluted EPS (in millions, except per share data):

	Quarter Ended		Year to Date Ended	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Net Income – Yum China Holdings, Inc.	$ 244	$ 215	$ 553	$ 507
Weighted-average common shares outstanding (for basic calculation)[(a)]	348	373	350	374
Effect of dilutive share-based awards[(a)]	1	1	1	2
Weighted-average common and dilutive potential common shares outstanding (for diluted calculation)[(a)]	349	374	351	376
Basic Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.58	$ 1.36
Diluted Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.57	$ 1.35
Share-based awards excluded from the diluted EPS computation[(b)]	3	3	3	3

(a) As a result of the separation, shares of Yum China common stock were distributed to YUM's shareholders of record as of October 19, 2016 and were included in the calculated weighted-average common shares outstanding. Holders of outstanding YUM equity awards generally received both adjusted YUM awards and Yum China awards, or adjusted awards of either YUM or Yum China in their entirety. Any subsequent exercise of these awards, whether held by the Company's employees or YUM's employees, would increase the number of common shares outstanding. The incremental shares arising from outstanding equity awards are included in the computation of diluted EPS, if there is dilutive effect.

(b) These outstanding stock appreciation rights ("SARs"), restricted stock units ("RSUs") and performance stock units ("PSUs") were excluded from the computation of diluted EPS because to do so would have been antidilutive for the periods presented, or because certain awards are contingently issuable based on the achievement of performance and market conditions, which have not been met as of June 30, 2026 and 2025.

Note 6 – Equity

Share Repurchase and Retirement

As of June 30, 2026, our Board of Directors authorized an aggregate of $5.4 billion for our share repurchase program, including its most recent increase in authorization in December 2025. During the years to date ended June 30, 2026 and 2025, the Company repurchased 10.7 million shares of common stock for $515 million, and 7.7 million shares of common stock for $356 million, respectively, under the repurchase program, excluding transaction costs and excise tax. As of June 30, 2026, approximately $641 million remained available for future share repurchases under the authorization.

Of the shares repurchased for the year to date ended June 30, 2026, 10.4 million shares were retired and resumed the status of authorized and unissued shares of common stock, and 0.3 million shares repurchased on the HKEX were retired subsequent to June 30, 2026, and included in Treasury stock in the Condensed Consolidated Financial Statements.

The Inflation Reduction Act of 2022 ("IRA"), which is discussed further in Note 12, imposes an excise tax of 1% on net share repurchases that occur after December 31, 2022. Excise tax on net share repurchases, which was recognized as part of the cost of the shares repurchased, amounted to $5 million and $3 million for the years to date ended June 30, 2026 and 2025, respectively.

Note 7 – Supplemental Balance Sheet Information

Accounts Receivable, net	6/30/2026	12/31/2025
Accounts receivable, gross	$ 117	$ 97
Allowance for doubtful accounts	(2)	(2)
Accounts receivable, net	$ 115	$ 95

Prepaid Expenses and Other Current Assets	6/30/2026	12/31/2025
Value-added tax (“VAT”) assets	$ 159	$ 142
Receivables from payment processors and aggregators	61	72
Deposits, primarily lease deposits	24	24
Interest receivables	19	100
Other prepaid expenses and current assets	127	102
Prepaid expenses and other current assets	$ 390	$ 440

Property, Plant and Equipment (“PP&E”)	6/30/2026	12/31/2025
Buildings and improvements, and construction in progress	$ 3,464	$ 3,340
Finance leases, primarily buildings	93	90
Machinery and equipment	2,163	2,035
PP&E, gross	5,720	5,465
Accumulated depreciation	(3,097)	(2,922)
PP&E, net	$ 2,623	$ 2,543

Equity Investments	6/30/2026	12/31/2025
Investment in equity method investees	$ 329	$ 315
Investment in equity securities	38	57
Investment in available-for-sale debt securities	15	15
Equity investments	$ 382	$ 387

Other Assets	6/30/2026	12/31/2025
Prepayment for acquisition of PP&E[(a)]	$ 125	$ 122
Long-term deposits, primarily lease deposits	106	104
Land use right	99	98
VAT assets	14	14
Costs to obtain contracts	6	6
Others	24	18
Other assets	$ 374	$ 362

(a) Primarily includes a prepayment made in relation to the acquisition of a building located in Shanghai to house the Company’s headquarters and flagship stores, which is currently expected to be delivered to the Company in 2027.

Accounts Payable and Other Current Liabilities	6/30/2026	12/31/2025
Accounts payable	$ 960	$ 793
Operating lease liabilities	433	438
Contract liabilities	218	205
Accrued compensation and benefits	202	261
Accrued capital expenditures	150	166
Dividends payable	113	51
Accrued marketing expenses	16	40
Other current liabilities	171	173
Accounts payable and other current liabilities	$ 2,263	$ 2,127

Other Liabilities	6/30/2026	12/31/2025
Contract liabilities	$ 47	$ 47
Accrued income tax payable	20	24
Other non-current liabilities	92	87
Other liabilities	$ 159	$ 158

Note 8 – Goodwill and Intangible Assets

The changes in the carrying amount of goodwill are as follows:

	Total Company	KFC	Pizza Hut	All Other Segments
Balance as of December 31, 2025				
Goodwill, gross	$ 2,354	$ 1,870	$ 19	$ 465
Accumulated impairment losses[a]	(391)	—	—	(391)
Goodwill, net	1,963	1,870	19	74
Effect of currency translation adjustments	58	55	1	2
Balance as of June 30, 2026				
Goodwill, gross	2,412	1,925	20	467
Accumulated impairment losses[a]	(391)	—	—	(391)
Goodwill, net	$ 2,021	$ 1,925	$ 20	$ 76

(a) Accumulated impairment losses represent goodwill impairment attributable to the reporting units of Little Sheep and Daojia.

Intangible assets, net as of June 30, 2026 and December 31, 2025 are as follows:

	6/30/2026				12/31/2025			
	Gross Carrying Amount[a]	Accumulated Amortization[a]	Accumulated Impairment Losses[b]	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment Losses[b]	Net Carrying Amount
Finite-lived intangible assets								
Reacquired franchise rights	$ 281	$ (279)	$ —	$ 2	$ 274	$ (271)	$ —	$ 3
Huang Ji Huang franchise related assets	21	(7)	—	14	21	(7)	—	14
Daojia platform	9	(2)	(7)	—	9	(2)	(7)	—
Customer-related assets	11	(10)	(1)	—	11	(10)	(1)	—
Others	9	(6)	—	3	9	(6)	—	3
	$ 331	$ (304)	$ (8)	$ 19	$ 324	$ (296)	$ (8)	$ 20
Indefinite-lived intangible assets								
Little Sheep trademark	$ 53	$ —	$ —	$ 53	$ 51	$ —	$ —	$ 51
Huang Ji Huang trademark	79	—	—	79	77	—	—	77
	$ 132	$ —	$ —	$ 132	$ 128	$ —	$ —	$ 128
Total intangible assets	$ 463	$ (304)	$ (8)	$ 151	$ 452	$ (296)	$ (8)	$ 148

(a) Changes in gross carrying amount and accumulated amortization include the effect of currency translation adjustments.

(b) Accumulated impairment losses represent impairment charges on intangible assets acquired from Daojia primarily attributable to the Daojia platform.

Amortization expense for finite-lived intangible assets was less than $1 million for both quarters ended June 30, 2026 and 2025, and $1 million for both years to date ended June 30, 2026 and 2025. As of June 30, 2026, expected amortization expense for the unamortized finite-lived intangible assets was $1 million for the remainder of 2026 and $2 million in each of 2027, 2028, 2029 and 2030.

Note 9 – Short-term Borrowings

As of June 30, 2026 and December 31, 2025, we had outstanding short-term bank borrowings of $66 million and $30 million, respectively, mainly to manage working capital at our operating subsidiaries. The bank borrowings were RMB denominated, with a weighted-average interest rate of 1.4% and 1.5%, respectively, and were due within one year from their issuance dates.

Note 10 – Leases

As of June 30, 2026, we leased over 15,700 properties in China for our Company-owned restaurants. We generally enter into lease agreements for our restaurants with initial terms of 10 to 20 years. Most of our lease agreements contain termination options that permit us to terminate the lease agreement early if the restaurant profit is negative for a specified period of time. We generally do not have renewal options for our leases. Such options are accounted for only when it is reasonably certain that we will exercise the options. The rent under the majority of our current restaurant lease agreements is generally payable in one of three ways: (i) fixed rent; (ii) the higher of a fixed base rent or a percentage of the restaurant's sales; or (iii) a percentage of the restaurant's sales. Most leases require us to pay common area maintenance fees for the leased property. In addition to restaurants leases, we also lease office spaces, logistics centers and equipment. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In limited cases, we sub-lease certain restaurants to franchisees in connection with refranchising transactions or lease our properties to other third parties. The lease payments under these leases are generally based on the higher of a fixed base rent or a percentage of the restaurant's annual sales. Income from sub-lease agreements with franchisees or lease agreements with other third parties are included in Franchise fees and income and Other revenues, respectively, within our Condensed Consolidated Statements of Income.

Supplemental Balance Sheet

	6/30/2026	12/31/2025	Account Classification
Assets			
Operating lease right-of-use assets	$ 2,114	$ 2,189	Operating lease right-of-use assets
Finance lease right-of-use assets	49	49	PP&E, net
Total leased assets[(a)]	$ 2,163	$ 2,238	
Liabilities			
Current			
Operating lease liabilities	$ 433	$ 438	Accounts payable and other current liabilities
Finance lease liabilities	6	6	Accounts payable and other current liabilities
Non-current			
Operating lease liabilities	1,747	1,823	Non-current operating lease liabilities
Finance lease liabilities	50	51	Non-current finance lease liabilities
Total lease liabilities[(a)]	$ 2,236	$ 2,318	

Summary of Lease Cost

	Quarter Ended		Year to Date Ended		
	6/30/2026	6/30/2025	6/30/2026	6/30/2025	Account Classification
Operating lease cost	$ 127	$ 122	$ 256	$ 246	Occupancy and other operating expenses, G&A or Franchise expenses
Finance lease cost					
Amortization of leased assets	2	2	3	3	Occupancy and other operating expenses
Interest on lease liabilities	—	—	1	1	Interest income, net
Variable lease cost	114	103	238	218	Occupancy and other operating expenses or Franchise expenses
Short-term lease cost	2	3	5	7	Occupancy and other operating expenses or G&A
Sub-lease income	(4)	(4)	(9)	(9)	Franchise fees and income or Other revenues
Total lease cost	$ 241	$ 226	$ 494	$ 466	

(a) As of June 30, 2026, excluding the impact of foreign currency translation, right-of-use ("ROU") assets decreased, primarily due to the amortization of assets relating to existing leases with fixed lease payments and a higher portion of our leases with variable lease payments. The decrease of lease liabilities, excluding the impact of foreign currency translation, was consistent with the decrease of ROU assets.

Supplemental Cash Flow Information

	Year to Date Ended	
	6/30/2026	6/30/2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 251	$ 253
Operating cash flows from finance leases	1	1
Financing cash flows from finance leases	3	3
Right-of-use assets obtained in exchange for lease liabilities[(b)]:		
Operating leases	$ 61	$ 113
Finance leases	1	1

(b) This supplemental non-cash disclosure for ROU assets obtained in exchange for lease liabilities includes an increase in lease liabilities associated with obtaining new ROU assets of $122 million and $126 million for the years to date ended June 30, 2026 and 2025, as well as adjustments to lease liabilities or ROU assets due to modification or other reassessment events, which resulted in a $60 million and $12 million decrease in lease liabilities for the years to date ended June 30, 2026 and 2025, respectively.

Lease Term and Discount Rate

	6/30/2026	6/30/2025
Weighted-average remaining lease term (years)		
Operating leases	6.7	6.8
Finance leases	10.0	10.6
Weighted-average discount rate		
Operating leases	3.9%	4.3%
Finance leases	4.0%	4.5%

Summary of Future Lease Payments and Lease Liabilities

Maturities of lease liabilities as of June 30, 2026 were as follows:

	Amount of Operating Leases	Amount of Finance Leases	Total
Remainder of 2026	$ 272	$ 4	$ 276
2027	455	8	463
2028	396	7	403
2029	331	7	338
2030	274	7	281
Thereafter	751	35	786
Total undiscounted lease payment	2,479	68	2,547
Less: imputed interest[c]	299	12	311
Present value of lease liabilities	$ 2,180	$ 56	$ 2,236

(c) As the rate implicit in the lease cannot be readily determined, we use our incremental borrowing rate based on the information available at the lease commencement date in determining the imputed interest and present value of lease payments. We used the incremental borrowing rate on January 1, 2019 for operating leases that commenced prior to that date.

As of June 30, 2026, we have additional lease agreements that have been signed but not yet commenced, with total undiscounted minimum lease payments of $77 million. These leases will commence between the third quarter of 2026 and 2027 with lease terms of 1 year to 20 years.

Note 11 – Fair Value Measurements and Disclosures

The Company’s financial assets and liabilities primarily consist of cash and cash equivalents, short-term investments, long-term bank deposits and notes, accounts receivable, accounts payable, short-term borrowings and lease liabilities, and the carrying values of these assets and liabilities approximate their fair value in general.

The Company’s financial assets also include its investment in equity securities and available-for-sale debt securities as disclosed in Note 3. Investment in equity securities is measured at fair value based on the closing market price for the shares at the end of each reporting period, with subsequent fair value changes recorded in our Condensed Consolidated Statements of Income. Investment in available-for-sale debt securities is measured at estimated fair value with subsequent fair value changes recorded in Other comprehensive income (loss) in the Condensed Consolidated Statements of Comprehensive Income.

The following table is a summary of our financial assets measured on a recurring basis or disclosed at fair value and the level within the fair value hierarchy in which the measurement falls. The Company classifies its cash equivalents, short-term investments, long-term bank deposits and notes, and investment in equity securities within Level 1 or Level 2 in the fair value hierarchy because it uses quoted market prices or alternative pricing sources and models utilizing market observable inputs to determine their fair value, respectively. The Company classifies its investment in available-for-sale debt securities in Level 3 in the fair value hierarchy because it is valued based on unobservable inputs. No transfers among the levels within the fair value hierarchy occurred during the quarters and years to date ended June 30, 2026 and 2025.

		Fair Value Measurement or Disclosure at June 30, 2026		
	Balance at June 30, 2026	**Level 1**	**Level 2**	**Level 3**
Cash equivalents:				
Fixed income debt securities[(a)]	$ 149		$ 149	
Money market funds	46	46		
Time deposits	38		38	
Total cash equivalents	233	46	187	—
Short-term investments:				
Variable return investments	483	483		
Fixed income debt securities[(a)]	170		170	
Time deposits	154		154	
Structured deposits	94		94	
Total short-term investments	901	483	418	—
Long-term bank deposits and notes:				
Time deposits	359		359	
Variable return investments	154		154	
Fixed income bank notes[(a)]	150		150	
Structured deposits	25		25	
Total long-term bank deposits and notes	688	—	688	—
Equity investments:				
Investment in equity securities	38	38		
Investment in available-for-sale debt securities	15			15
Total equity investments	53	38	—	15
Total	$ 1,875	$ 567	$ 1,293	$ 15

	Balance at December 31, 2025	Fair Value Measurement or Disclosure at December 31, 2025		
		Level 1	Level 2	Level 3
Cash equivalents:				
Fixed income debt securities[a]	$ 185	$ 43	$ 142	
Money market funds	93	93		
Total cash equivalents	278	136	142	—
Short-term investments:				
Time deposits	420		420	
Fixed income debt securities[a]	200		200	
Variable return investments	162	162		
Structured deposits	96		96	
Total short-term investments	878	162	716	—
Long-term bank deposits and notes:				
Time deposits	352		352	
Variable return investments	151		151	
Fixed income bank notes	150		150	
Structured deposits	25		25	
Total long-term bank deposits and notes	678	—	678	—
Equity investments:				
Investment in equity securities	57	57		
Investment in available-for-sale debt securities	15			15
Total equity investments	72	57	—	15
Total	$ 1,906	$ 355	$ 1,536	$ 15

(a) Classified as held-to-maturity investments and measured at amortized cost.

The Company is required to provide bank deposits, insurance or guarantees to secure the balance of prepaid stored-value cards issued by the Company pursuant to regulatory requirements. $21 million of time deposits in Long-term bank deposits and notes were restricted for use as of June 30, 2026, and $29 million of time deposits in Short-term investments and $34 million of time deposits in Long-term bank deposits and notes were restricted for use as of December 31, 2025. The decrease in such investments was primarily due to the increased use of bank guarantees by the Company to secure a portion of prepaid stored-value cards.

Non-Recurring Fair Value Measurements

In addition, certain of the Company's restaurant-level assets (including operating lease ROU assets and PP&E), goodwill and intangible assets are measured at fair value based on unobservable inputs (Level 3) on a non-recurring basis, if determined to be impaired.

In determining the fair value of restaurant-level assets, the Company considered the highest and best use of the assets from market participants' perspective, which is represented by the higher of the forecasted discounted cash flows from operating restaurants and the price that market participants would pay to sub-lease the operating lease ROU assets and acquire remaining restaurant assets, even if that use differs from the current use by the Company. The after-tax cash flows incorporate reasonable assumptions we believe a franchisee would make, such as sales growth, and include a deduction for royalties we would receive under a franchise agreement with terms substantially at market. The discount rate used in the fair value calculation is our estimate of the required rate-of-return that a franchisee would expect to receive when purchasing a similar restaurant and the related long-lived assets. Estimates of the price market participants would pay to sub-lease the operating lease ROU assets are based on comparable market rental information that could be reasonably obtained for the property. In situations where the highest and best use of the restaurant-level assets from market participants' perspective is represented by sub-leasing the operating lease ROU assets and acquiring remaining restaurant assets, the Company continues to use these assets in operating its restaurant business, which is consistent with its long-term strategy of growing revenue through operating restaurant concepts.

As of each relevant measurement date, the fair value of restaurant-level assets, if determined to be impaired, is primarily represented by a price that a market participant would pay to sub-lease the operating lease ROU assets and acquire the remaining restaurant assets, which reflects the highest and best use of the assets. Significant unobservable inputs used in the fair value measurement include market rental prices, which were determined with the assistance of an independent valuation specialist. The direct comparison approach is used as the valuation technique by assuming a sub-lease of each of the properties in its existing state with vacant possession. By making reference to lease transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for any difference in factors such as location and property size.

The following table presents amounts recognized from all non-recurring fair value measurements based on unobservable inputs (Level 3) during the quarters and years to date ended June 30, 2026 and 2025. These amounts exclude fair value measurements made for restaurants that were subsequently closed or refranchised prior to those respective period-end dates.

	Quarter Ended		Year to Date Ended		
	6/30/2026	6/30/2025	6/30/2026	6/30/2025	Account Classification
Restaurant-level impairment[(a)]	7	8	7	8	Closure and impairment expenses, net

(a) Restaurant-level impairment charges are recorded in Closures and impairment expenses, net and resulted mainly from our semi-annual impairment evaluation of long-lived assets of individual restaurants that were being operated at the time of impairment and had not been offered for refranchising. After considering the impairment charges recorded during the corresponding periods, the fair value of such assets as of June 30, 2026 and 2025 was $19 million and $23 million, respectively.

Note 12 – Income Taxes

	Quarter Ended		Year to Date Ended	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Income tax provision	$ 92	$ 80	$ 215	$ 199
Effective tax rate	26.0%	25.8%	26.6%	26.9%

The higher effective tax rate for the quarter ended June 30, 2026 was primarily due to higher U.S. tax impact.

The lower effective tax rate for the year to date ended June 30, 2026 was primarily due to higher excess tax benefits upon exercise of share-based awards.

In December 2017, the U.S. enacted the Tax Cuts and Jobs Act (the “Tax Act”), which included a broad range of tax reforms. The Tax Act requires a U.S. shareholder to be subject to tax on Global Intangible Low Taxed Income (“GILTI”) earned by certain foreign subsidiaries. We have elected the option to account for current year GILTI tax as a period cost as incurred, and therefore included it in estimating the annual effective tax rate.

In August 2022, the IRA was signed into law in the U.S., which contains certain tax measures, including a Corporate Alternative Minimum Tax (“CAMT”) of 15% on certain large corporations. On December 27, 2022, the U.S. Treasury Department and the Internal Revenue Service (the “IRS”) released Notice 2023-7, announcing their intention to issue proposed regulations addressing the application of the new CAMT. Additional notices or proposed regulations were released subsequently to continue to provide interim guidance regarding certain CAMT issues before proposed regulations are published. The Company will monitor the regulatory developments and continue to evaluate the impact on our financial statements, if any.

In December 2022, a refined Foreign Sourced Income Exemption (“FSIE”) regime was published in Hong Kong and took effect from January 1, 2023. Under the new FSIE regime, certain foreign sourced income would be deemed as being sourced from Hong Kong and chargeable to Hong Kong Profits Tax, if the recipient entity fails to meet the prescribed exception requirements. Certain dividends, interests, intellectual property income and disposal gains, if any, received by us and our Hong Kong subsidiaries may be subject to the new tax regime. Based on our analysis, this legislation did not have a material impact on our financial statements. The Company will monitor the developments and continue to evaluate the impact, if any.

The Organization for Economic Cooperation and Development (the “OECD”), the European Union and other jurisdictions (including jurisdictions in which we have operations or presence) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed. In particular, the OECD’s Pillar Two initiative introduced a 15% global minimum tax applied on a jurisdiction-by-jurisdiction basis, which many jurisdictions have enacted into their domestic law, with effective dates starting January 1, 2024. Based on our analysis, this legislation did not have a material impact on our financial statements. The Company will monitor the regulatory developments and continue to evaluate the impact, if any.

In July 2025, the One Big Beautiful Bill Act (the "OBBBA") was signed into law in the U.S. The OBBBA includes a broad range of provisions, such as the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act, modifications to the international tax framework and others. These provisions have multiple effective dates beginning in 2025. Based on our preliminary analysis, this legislation did not have a material impact on our financial statements. The Company will monitor the regulatory developments and continue to evaluate the impact, if any.

We are subject to reviews, examinations and audits by Chinese tax authorities, the IRS and other tax authorities with respect to income and non-income based taxes. Since 2016, we have been under a national audit on transfer pricing by the Chinese State Taxation Administration (the "STA") in China regarding our related party transactions for the period from 2006 to 2015. The information and views currently exchanged with the tax authorities focus on our franchise arrangement with YUM. We continue to provide information requested by the tax authorities to the extent it is available to the Company. It is reasonably possible that there could be significant developments, including expert review and assessment by the STA, within the next 12 months. The ultimate assessment and decision of the STA will depend upon further review of the information provided, as well as ongoing technical and other discussions with the STA and in-charge local tax authorities, and therefore, it is not possible to reasonably estimate the potential impact at this time. We will continue to defend our transfer pricing position. However, if the STA prevails in the assessment of additional tax due based on its ruling, the assessed tax, interest and penalties, if any, could have a material adverse impact on our financial position, results of operations and cash flows.

Note 13 – Segment Reporting

We have two reportable segments: KFC and Pizza Hut. Our non-reportable operating segments, including the operations of Lavazza, Huang Ji Huang, Little Sheep, Taco Bell and our delivery operating segment, are combined and referred to as All Other Segments, as these operating segments are insignificant both individually and in the aggregate. The Company's chief operating decision maker ("CODM") is the chief executive officer, who reviews the financial information of each operating segment when making decisions about allocating resources and assessing the performance of the segment.

	Quarter Ended 6/30/2026						
	KFC	**Pizza Hut**	**All Other Segments**	**Corporate and Unallocated[a]**	**Combined**	**Elimination**	**Consolidated**
Revenue from external customers	$ 2,338	$ 613	$ 54	$ 133 [b]	$ 3,138	$ —	$ 3,138
Inter-segment revenue[c]	—	—	220	—	220	(220)	—
	2,338	613	274	133	3,358	(220)	3,138
Less:							
Food and paper	710	204	4	—	918	—	918
Payroll and employee benefits	630	171	3	—	804	—	804
Occupancy and other operating expenses	563	151	5	—	719	—	719
General and administrative expenses	67	28	8	36	139	—	139
Franchise expenses	10	2	—	—	12	—	12
Expenses for transactions with franchisees	15	2	23	108 [b]	148	—	148
Other operating costs and expenses	1	3	231 [c]	23	258	(220)	38
Closures and impairment expenses, net	10	1	1	—	12	—	12
Operating Profit (Loss)	332	51	(1)	(34)	348	—	348
Interest income, net[a]				12			12
Investment loss[a]				(6)			(6)
Income Before Income Taxes and Equity in Net Earnings (Losses) from Equity Method Investments							$ 354

	Quarter Ended 6/30/2025						
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated[(a)]	Combined	Elimination	Consolidated
Revenue from external customers	$ 2,096	$ 554	$ 40	$ 97 [(b)]	$ 2,787	$ —	$ 2,787
Inter-segment revenue[(c)]	—	—	161	—	161	(161)	—
	2,096	554	201	97	2,948	(161)	2,787
Less:							
Food and paper	631	177	2	—	810	—	810
Payroll and employee benefits	556	154	2	—	712	—	712
Occupancy and other operating expenses	523	141	5	—	669	—	669
General and administrative expenses	61	26	8	36	131	—	131
Franchise expenses	9	1	—	—	10	—	10
Expenses for transactions with franchisees	15	1	16	78 [(b)]	110	—	110
Other operating costs and expenses	1	5	168 [(c)]	17	191	(161)	30
Closures and impairment expenses, net	8	3	1	—	12	—	12
Other income, net	—	—	—	(1)	(1)	—	(1)
Operating Profit (Loss)	292	46	(1)	(33)	304	—	304
Interest income, net[(a)]				25			25
Investment loss[(a)]				(18)			(18)
Income Before Income Taxes and Equity in Net Earnings (Losses) from Equity Method Investments							$ 311

	Year to Date Ended 6/30/2026						
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated[(a)]	Combined	Elimination	Consolidated
Revenue from external customers	$ 4,791	$ 1,248	$ 106	$ 264 [(b)]	$ 6,409	$ —	$ 6,409
Inter-segment revenue[(c)]	—	—	456	—	456	(456)	—
	4,791	1,248	562	264	6,865	(456)	6,409
Less:							
Food and paper	1,456	417	8	—	1,881	—	1,881
Payroll and employee benefits	1,273	339	6	—	1,618	(1)	1,617
Occupancy and other operating expenses	1,123	303	11	—	1,437	—	1,437
General and administrative expenses	128	54	14	80	276	—	276
Franchise expenses	21	3	—	—	24	—	24
Expenses for transactions with franchisees	30	4	48	216 [(b)]	298	—	298
Other operating costs and expenses	1	5	474 [(c)]	44	524	(455)	69
Closures and impairment expenses, net	10	1	1	—	12	—	12
Operating Profit (Loss)	749	122	—	(76)	795	—	795
Interest income, net[(a)]				28			28
Investment loss[(a)]				(17)			(17)
Income Before Income Taxes and Equity in Net Earnings (Losses) from Equity Method Investments							$ 806

	Year to Date Ended 6/30/2025						
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated[a]	Combined	Elimination	Consolidated
Revenue from external customers	$ 4,342	$ 1,149	$ 79	$ 198 [b]	$ 5,768	$ —	$ 5,768
Inter-segment revenue[c]	—	—	324	—	324	(324)	—
	4,342	1,149	403	198	6,092	(324)	5,768
Less:							
Food and paper	1,316	363	5	—	1,684	—	1,684
Payroll and employee benefits	1,110	317	5	—	1,432	(1)	1,431
Occupancy and other operating expenses	1,055	292	10	—	1,357	—	1,357
General and administrative expenses	120	52	16	81	269	—	269
Franchise expenses	19	2	—	—	21	—	21
Expenses for transactions with franchisees	29	3	33	162 [b]	227	—	227
Other operating costs and expenses	2	11	335 [c]	34	382	(323)	59
Closures and impairment expenses, net	13	3	2	—	18	—	18
Other income, net	—	—	—	(1)	(1)	—	(1)
Operating Profit (Loss)	678	106	(3)	(78)	703	—	703
Interest income, net[a]				51			51
Investment loss[a]				(15)			(15)
Income Before Income Taxes and Equity in Net Earnings (Losses) from Equity Method Investments							$ 739

	Quarter Ended		Year to Date Ended	
Depreciation and Amortization	6/30/2026	6/30/2025	6/30/2026	6/30/2025
KFC	$ 84	$ 76	$ 166	$ 150
Pizza Hut	23	24	46	47
All Other Segments	1	1	3	3
Corporate and Unallocated	12	9	22	19
	$ 120	$ 110	$ 237	$ 219

	Quarter Ended		Year to Date Ended	
Impairment Charges	6/30/2026	6/30/2025	6/30/2026	6/30/2025
KFC[d]	$ 11	$ 9	$ 14	$ 14
Pizza Hut[d]	2	3	3	4
All Other Segments[d]	1	1	1	1
	$ 14	$ 13	$ 18	$ 19

	Quarter Ended		Year to Date Ended	
Capital Spending	6/30/2026	6/30/2025	6/30/2026	6/30/2025
KFC	71	68	$ 155	$ 143
Pizza Hut	25	21	52	44
All Other Segments	2	1	3	1
Corporate and Unallocated	29	32	61	71
	$ 127	$ 122	$ 271	$ 259

	Total Assets	
	6/30/2026	12/31/2025
KFC	$ 5,616	$ 5,560
Pizza Hut	982	952
All Other Segments	314	308
Corporate and Unallocated[e]	3,959	3,963
	$ 10,871	$ 10,783

(a) Amounts have not been allocated to any segment for performance reporting purposes.

(b) Amounts from corporate and unallocated primarily include revenues and associated expenses of transactions with franchisees derived from the Company's central procurement model whereby the Company centrally purchases substantially all food and paper products from suppliers then sells and delivers to KFC and Pizza Hut restaurants, including franchisees. Amounts have not been allocated to any segment for purposes of making operating decisions or assessing financial performance as the transactions are deemed corporate revenues and expenses in nature.

(c) Primarily includes revenues and associated costs generated from the delivery services that were provided to our Company-owned restaurants.

(d) Primarily includes store closure impairment charges and restaurant-level impairment charges resulting from our semi-annual impairment evaluation.

(e) Primarily includes cash and cash equivalents, short-term investments, long-term bank deposits and notes, equity investments, and inventories that are centrally managed and PP&E that are not specifically identifiable within each segment.

As substantially all of the Company's revenue is derived from the PRC and substantially all of the Company's long-lived assets are located in the PRC, no geographical information is presented. In addition, revenue derived from and long-lived assets located in the U.S., the Company's country of domicile, are immaterial.

Note 14 – Contingencies

Indemnification of China Tax on Indirect Transfers of Assets

In February 2015, the STA issued Bulletin 7 on Income arising from Indirect Transfers of Assets by Non-Resident Enterprises. Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a Chinese resident enterprise, by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. As a result, gains derived from such an indirect transfer may be subject to Chinese enterprise income tax at a rate of 10%.

YUM concluded and we concurred that it is more likely than not that YUM will not be subject to this tax with respect to the distribution. However, there are significant uncertainties regarding what constitutes a reasonable commercial purpose, how the safe harbor provisions for group restructurings are to be interpreted, and how the taxing authorities will ultimately view the distribution. As a result, YUM's position could be challenged by Chinese tax authorities resulting in a 10% tax assessed on the difference between the fair market value and the tax basis of the separated China business. As YUM's tax basis in the China business is minimal, the amount of such a tax could be significant.

Any tax liability arising from the application of Bulletin 7 to the distribution is expected to be settled in accordance with the tax matters agreement between the Company and YUM. Pursuant to the tax matters agreement, to the extent any Chinese indirect transfer tax pursuant to Bulletin 7 is imposed, such tax and related losses will be allocated between YUM and the Company in proportion to their respective share of the combined market capitalization of YUM and the Company during the 30 trading days after the separation. Such a settlement could be significant and have a material adverse effect on our results of operations and our financial condition. At the inception of the tax indemnity being provided to YUM, the fair value of the non-contingent obligation to stand ready to perform was insignificant and the liability for the contingent obligation to make payment was not probable or estimable.

Legal Proceedings

The Company is subject to various lawsuits covering a variety of allegations from time to time. The Company believes that the ultimate liability, if any, in excess of amounts already provided for these matters in the Condensed Consolidated Financial Statements, is not likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows. Matters faced by the Company from time to time include, but are not limited to, claims from landlords, employees, customers and others related to operational, contractual or employment issues.

Note 15 – Subsequent Events

Acquisition of Ownership of the Pizza Hut Brand in Mainland China

In August 2026, the Company completed the acquisition of ownership of the Pizza Hut brand in Mainland China at a cash consideration of $1.2 billion and secured an approximately $1.2 billion equivalent offshore bridge loan to finance the transaction. Upon closing, the Company will no longer be subject to the license fees previously payable to YUM for the Pizza Hut brand.

Amendment of Master License Agreement with YUM

In August 2026, the Company entered into an amended and restated master license agreement with YUM, pursuant to which the Company continues to be granted the exclusive right and license to use certain intellectual property associated with the KFC and Taco Bell brands in Mainland China in exchange for a license fee equal to 3% of net system sales, and will have the opportunity to earn certain annual financial incentives over the next twelve years from YUM based on the achievement of specified system sales growth targets for KFC China. The amendment also establishes a framework between the Company and YUM to discuss and develop a mutually agreed long-term growth plan for Taco Bell China, with remedies for any failure to agree upon or implement such a plan limited to the Taco Bell brand.

Cash Dividend

On July 30, 2026, the Company announced that the Board of Directors declared a cash dividend of $0.29 per share on Yum China’s common stock, payable on September 17, 2026, to stockholders of record as of the close of business on August 27, 2026. Total estimated cash dividend payable is approximately $99 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

References to the Company throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations (this "MD&A") are made using the first person notations of "we," "us" or "our." This MD&A contains forward-looking statements, including statements with respect to the ongoing transfer pricing audit, the retail tax structure reform, our growth plans, future capital resources to fund our operations and anticipated capital expenditures, share repurchases and dividends, and the impact of new accounting pronouncements not yet adopted. See "Cautionary Note Regarding Forward-Looking Statements" at the end of this Item 2 for information regarding forward-looking statements.

Introduction

Yum China Holdings, Inc. is the largest restaurant company in China in terms of 2025 system sales, with 19,297 restaurants covering over 2,700 cities primarily in China as of June 30, 2026. Our growing restaurant network consists of our flagship KFC and Pizza Hut brands, as well as emerging brands such as Lavazza, Huang Ji Huang, Little Sheep and Taco Bell. We have the exclusive right to operate and sublicense the KFC, Pizza Hut and, subject to the agreed terms, Taco Bell brands in China (excluding Hong Kong, Macau and Taiwan), and own the intellectual property of the Little Sheep and Huang Ji Huang concepts outright. We also established a joint venture with Lavazza Group, the world-renowned family-owned Italian coffee company, to explore and develop the Lavazza coffee concept in China. KFC was the first major global restaurant brand to enter China in 1987. With more than three decades of operations, we have developed extensive operating experience in the China market. We believe that there are significant opportunities to further expand within China, and we intend to focus our efforts on increasing our geographic footprint in both existing and new cities.

KFC is the leading and the largest quick-service restaurant ("QSR") brand in China in terms of 2025 system sales. As of June 30, 2026, KFC operated 13,789 restaurants in over 2,700 cities across China.

Pizza Hut is the leading and the largest casual dining restaurant ("CDR") brand in China in terms of 2025 system sales and number of restaurants as of December 31, 2025. As of June 30, 2026, Pizza Hut operated 4,549 restaurants in over 1,200 cities.

Overview

We intend for this MD&A to provide the reader with information that will assist in understanding our results of operations, including metrics that management uses to assess the Company's performance. Throughout this MD&A, we discuss the following performance metrics:

- Certain performance metrics and non-GAAP measures are presented excluding the impact of foreign currency translation ("F/X"). These amounts are derived by translating current year results at prior year average exchange rates. We believe the elimination of the F/X impact provides better year-to-year comparability without the distortion of foreign currency fluctuations.
- System sales growth reflects the results of all restaurants regardless of ownership, including Company-owned and franchise restaurants, except for sales from non-Company-owned restaurants for which we do not receive a sales-based royalty. Sales of franchise restaurants typically generate ongoing franchise fees for the Company at an average rate of approximately 6% of system sales. Franchise restaurant sales are not included in Company sales in the Condensed Consolidated Statements of Income; however, the franchise fees are included in the Company's revenues. We believe system sales growth is useful to investors as a significant indicator of the overall strength of our business as it incorporates all of our revenue drivers, Company and franchise same-store sales as well as net unit growth.
- Effective January 1, 2018, the Company revised its definition of same-store sales growth to represent the estimated percentage change in sales of food of all restaurants in the Company system that have been open prior to the first day of our prior fiscal year, excluding the period during which stores are temporarily closed. We refer to these as our "base" stores. Previously, same-store sales growth represented the estimated percentage change in sales of all restaurants in the Company system that have been open for one year or more, including stores temporarily closed, and the base stores changed on a rolling basis from month to month. This revision was made to align with how management measures performance internally and focuses on trends of a more stable base of stores.
- Company sales represent revenues from Company-owned restaurants. Within the analysis of Company sales, Total revenue and Restaurant profit, store portfolio actions represent the net impact from new-unit openings, acquisitions, refranchising and store closures. Net new unit contribution represents net revenue growth primarily from store portfolio actions excluding temporary store closures. Other primarily represents the impact of same-store sales as well as the impact of changes in restaurant operating costs such as inflation/deflation.

All Note references in this MD&A refer to the Notes to the Condensed Consolidated Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except percentages and per share and unit count amounts, or as otherwise specifically identified. Percentages may not recompute due to rounding. References to quarters are references to the Company's fiscal quarters.

Quarters and Years to Date Ended June 30, 2026 and 2025

Results of Operations

Summary

The Company has two reportable segments: KFC and Pizza Hut. Our non-reportable operating segments, including the operations of Lavazza, Huang Ji Huang, Little Sheep, Taco Bell and our delivery operating segment, are combined and referred to as All Other Segments, as those operating segments are insignificant both individually and in the aggregate. Additional details on our reportable operating segments are included in Note 13.

	Quarter Ended		%/ppts Change		Year to Date Ended		%/ppts Change	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
System Sales Growth[a] (%)	6	4	NM	NM	5	3	NM	NM
Same-Store Sales Growth[a] (%)	1	1	NM	NM	1	Even	NM	NM
Operating Profit	348	304	+14	+7	795	703	+13	+7
Adjusted Operating Profit[b]	348	304	+14	+7	795	703	+13	+7
Core Operating Profit[b]	328	304	NM	+7	751	703	NM	+7
OP Margin[c] (%)	11.1	10.9	+0.2	+0.2	12.4	12.2	+0.2	+0.2
Core OP Margin[b] (%)	11.1	10.9	NM	+0.2	12.4	12.2	NM	+0.2
Net Income	244	215	+14	+6	553	507	+9	+3
Adjusted Net Income[b]	244	215	+14	+6	553	507	+9	+3
Diluted Earnings Per Common Share	0.70	0.58	+21	+14	1.57	1.35	+16	+10
Adjusted Diluted Earnings Per Common Share[b]	0.70	0.58	+21	+14	1.57	1.35	+16	+10

NM refers to not meaningful.

(a) System Sales and Same-Store Sales growth percentages as shown in the table exclude the impact of F/X. Effective January 1, 2018, temporary store closures are normalized in the same-store sales calculation by excluding the period during which stores are temporarily closed.

(b) See "Non-GAAP Measures" below for definitions and reconciliations of the most directly comparable GAAP financial measures to the non-GAAP measures.

(c) OP margin is defined as Operating Profit divided by Total revenues.

As compared to the second quarter of 2025, Total revenues in the second quarter of 2026 increased 13%, or 6% excluding the impact of F/X. Total revenues for the year to date ended June 30, 2026 increased 11%, or 5% excluding the impact of F/X. The increase in Total revenues for the quarter ended June 30, 2026, excluding the impact of F/X, was primarily attributable to 5% net new unit contribution and 1% same-store sales growth. The increase in Total revenues for the year to date ended June 30, 2026, excluding the impact of F/X, was primarily driven by 4% net new unit contribution and 1% same-store sales growth.

Operating profit for the second quarter increased 14%, or 7% excluding the impact of F/X. The increase in Operating profit for the quarter ended June 30, 2026 was primarily driven by the increase in Total revenues, efficiency improvement from streamlined operations and favorable commodity prices, partially offset by increased delivery cost associated with higher delivery sales mix in the current period and value-for-money offerings.

Operating profit for the year to date ended June 30, 2026 increased 13%, or 7% excluding the impact of F/X. The increase in Operating profit for the year to date ended June 30, 2026 was primarily driven by the increase in Total revenues, efficiency improvement from streamlined operations and favorable commodity prices, lower closures and impairment and G&A expenses, partially offset by increased delivery cost associated with higher delivery sales mix in the current period and value-for-money offerings.

Net income for the second quarter increased 14%, or 6% excluding the impact of F/X. Net income for the year to date ended June 30, 2026 increased 9%, or 3% excluding the impact of F/X. The increase in Net income was mainly due to the increase in Operating Profit, partially offset by less interest income from lower investment balance and interest rates.

The Consolidated Results of Operations for the quarters and years to date ended June 30, 2026 and 2025 and other data are presented below:

	Quarter Ended		% B/(W)[a]		Year to Date Ended		% B/(W)[a]	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
Company sales	$ 2,910	$ 2,613	11	5	$ 5,957	$ 5,414	10	4
Franchise fees and income	29	24	18	12	59	51	15	9
Revenues from transactions with franchisees	155	115	35	27	311	236	32	25
Other revenues	44	35	27	20	82	67	23	16
Total revenues	$ 3,138	$ 2,787	13	6	$ 6,409	$ 5,768	11	5
Company restaurant expenses	$ 2,441	$ 2,191	(11)	(5)	$ 4,935	$ 4,472	(10)	(4)
Operating Profit	$ 348	$ 304	14	7	$ 795	$ 703	13	7
OP Margin (%)	11.1%	10.9%	0.2 ppts.	0.2 ppts.	12.4%	12.2%	0.2 ppts.	0.2 ppts.
Interest income, net	12	25	(52)	(52)	28	51	(48)	(49)
Investment loss	(6)	(18)	65	65	(17)	(15)	(6)	(6)
Income tax provision	(92)	(80)	(14)	(9)	(215)	(199)	(8)	(2)
Equity in net earnings (losses) from equity method investments	2	2	23	16	4	6	(15)	(20)
Net Income – including noncontrolling interests	264	233	14	6	595	546	9	3
Net Income – noncontrolling interests	20	18	(11)	(4)	42	39	(7)	(1)
Net Income – Yum China Holdings, Inc.	$ 244	$ 215	14	6	$ 553	$ 507	9	3
Diluted Earnings Per Common Share	$ 0.70	$ 0.58	21	14	$ 1.57	$ 1.35	16	10
Effective tax rate	26.0%	25.8%			26.6%	26.9%		
Supplementary information – Non-GAAP Measures[b]								
Restaurant profit	$ 469	$ 422	12	5	$ 1,022	$ 942	9	3
Restaurant margin (%)	16.1%	16.1%	— ppts.	— ppts.	17.2%	17.4%	(0.2) ppts.	(0.2) ppts.
Adjusted Operating Profit	$ 348	$ 304			$ 795	$ 703		
Core Operating Profit	$ 328	$ 304			$ 751	$ 703		
Core OP Margin (%)	11.1%	10.9%			12.4%	12.2%		
Adjusted Net Income – Yum China Holdings, Inc.	$ 244	$ 215			$ 553	$ 507		
Adjusted Diluted Earnings Per Common Share	$ 0.70	$ 0.58			$ 1.57	$ 1.35		
Adjusted Effective Tax Rate	26.0%	25.8%			26.6%	26.9%		
Adjusted EBITDA	$ 482	$ 427			$ 1,050	$ 941		

(a) Represents the period-over-period change in percentage.

(b) See “Non-GAAP Measures” below for definitions and reconciliations of the most directly comparable GAAP financial measures to the non-GAAP measures.

Performance Metrics

	Quarter Ended 6/30/2026	Year to Date Ended 6/30/2026
	% change	% change
System Sales Growth	13%	11%
System Sales Growth, excluding F/X	6%	5%
Same-Store Sales Growth	1%	1%

Unit Count	6/30/2026	6/30/2025	% Increase
Company-owned	15,776	14,319	10
Franchisees	3,521	2,659	32
	19,297	16,978	14

Non-GAAP Measures

In addition to the results provided in accordance with GAAP throughout this MD&A, the Company provides the following non-GAAP measures:

- Measures adjusted for Special Items, which include Adjusted Operating Profit, Adjusted Net Income, Adjusted Earnings Per Common Share ("EPS"), Adjusted Effective Tax Rate and Adjusted EBITDA;
- Company Restaurant Profit ("Restaurant profit") and Restaurant margin;
- Core Operating Profit and Core OP margin, which exclude Special Items, and further adjusted for Items Affecting Comparability and the impact of F/X;

These non-GAAP measures are not intended to replace the presentation of our financial results in accordance with GAAP. Rather, the Company believes that the presentation of these non-GAAP measures provides additional information to investors to facilitate the comparison of past and present results, excluding those items that the Company does not believe are indicative of our core operations.

With respect to non-GAAP measures adjusted for Special Items, the Company excludes impact from Special Items for the purpose of evaluating performance internally and uses them as factors in determining compensation for certain employees. Special Items are not included in any of our segment results.

Adjusted EBITDA is defined as net income including noncontrolling interests adjusted for equity in net earnings (losses) from equity method investments, income tax, interest income, net, investment gain or loss, depreciation and amortization, store impairment charges, and Special Items. Store impairment charges included as an adjustment item in Adjusted EBITDA primarily resulted from our semi-annual impairment evaluation of long-lived assets of individual restaurants, and additional impairment evaluation whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If these restaurant-level assets were not impaired, depreciation of the assets would have been recorded and included in EBITDA. Therefore, store impairment charges were a non-cash item similar to depreciation and amortization of our long-lived assets of restaurants. The Company believes that investors and analysts may find it useful in measuring operating performance without regard to such non-cash items.

Restaurant profit is defined as Company sales less expenses incurred directly by our Company-owned restaurants in generating Company sales, including cost of food and paper, restaurant-level payroll and employee benefits, rent, depreciation and amortization of restaurant-level assets, advertising expenses, and other operating expenses. Company restaurant margin percentage is defined as Restaurant profit divided by Company sales. We also use Restaurant profit and Restaurant margin for the purpose of internally evaluating the performance of our Company-owned restaurants and we believe they provide useful information to investors as to the profitability of our Company-owned restaurants.

Core Operating Profit is defined as Operating Profit adjusted for Special Items, and further excluding Items Affecting Comparability and the impact of F/X. We consider quantitative and qualitative factors in assessing whether to adjust for the impact of items that may be significant or that could affect an understanding of our ongoing financial and business performance or trends. Items such as charges, gains and accounting changes, which are viewed by management as significantly impacting the current period or the comparable period, due to changes in policy or other external factors, or non-cash items pertaining to underlying activities that are different from or unrelated to our core operations, are generally considered "Items Affecting Comparability." Examples of Items Affecting Comparability include, but are not limited to: temporary relief from landlords and government agencies; VAT deductions due to tax policy changes; and amortization of reacquired franchise rights recognized upon acquisitions. We believe presenting Core Operating Profit provides additional information to further enhance comparability of our operating results and we use this measure for purposes of evaluating the performance of our core operations. Core OP margin is defined as Core Operating Profit divided by Total revenues, excluding the impact of F/X.

The following table sets forth the reconciliations of the most directly comparable GAAP financial measures to the non-GAAP financial measures:

	Quarter Ended		Year to Date Ended	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Reconciliation of Operating Profit to Adjusted Operating Profit				
Operating Profit	$ 348	$ 304	$ 795	$ 703
Special Items, Operating Profit	—	—	—	—
Adjusted Operating Profit	$ 348	$ 304	$ 795	$ 703
Reconciliation of Net Income to Adjusted Net Income				
Net Income – Yum China Holdings, Inc.	$ 244	$ 215	$ 553	$ 507
Special Items, Net Income –Yum China Holdings, Inc.	—	—	—	—
Adjusted Net Income – Yum China Holdings, Inc.	$ 244	$ 215	$ 553	$ 507
Reconciliation of EPS to Adjusted EPS				
Basic Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.58	$ 1.36
Special Items, Basic Earnings Per Common Share	—	—	—	—
Adjusted Basic Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.58	$ 1.36
Diluted Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.57	$ 1.35
Special Items, Diluted Earnings Per Common Share	—	—	—	—
Adjusted Diluted Earnings Per Common Share	$ 0.70	$ 0.58	$ 1.57	$ 1.35
Reconciliation of Effective Tax Rate to Adjusted Effective Tax Rate				
Effective tax rate	26.0%	25.8%	26.6%	26.9%
Impact on effective tax rate as a result of Special Items	—	—	—	—
Adjusted effective tax rate	26.0%	25.8%	26.6%	26.9%

Net income, along with the reconciliation to Adjusted EBITDA, is presented below:

	Quarter Ended		Year to Date Ended	
	6/30/2026	6/30/2025	6/30/2026	6/30/2025
Net Income – Yum China Holdings, Inc.	$ 244	$ 215	$ 553	$ 507
Net income – noncontrolling interests	20	18	42	39
Equity in net (earnings) losses from equity method investments	(2)	(2)	(4)	(6)
Income tax provision	92	80	215	199
Interest income, net	(12)	(25)	(28)	(51)
Investment loss	6	18	17	15
Operating Profit	348	304	795	703
Special Items, Operating Profit	—	—	—	—
Adjusted Operating Profit	348	304	795	703
Depreciation and amortization	120	110	237	219
Store impairment charges	14	13	18	19
Adjusted EBITDA	$ 482	$ 427	$ 1,050	$ 941

Reconciliation of GAAP Operating Profit to Restaurant Profit is as follows:

	Quarter Ended 6/30/2026					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 332	$ 51	$ (1)	$ (34)	$ —	$ 348
Less:						
Franchise fees and income	24	3	2	—	—	29
Revenues from transactions with franchisees	19	3	25	108	—	155
Other revenues	1	3	235	25	(220)	44
Add:						
General and administrative expenses	67	28	8	36	—	139
Franchise expenses	10	2	—	—	—	12
Expenses for transactions with franchisees	15	2	23	108	—	148
Other operating costs and expenses	1	3	231	23	(220)	38
Closures and impairment expenses, net	10	1	1	—	—	12
Restaurant profit	$ 391	$ 78	$ —	$ —	$ —	$ 469
Company sales	2,294	604	12	—	—	2,910
Restaurant margin (%)	17.1%	12.9%	(2.3)%	N/A	N/A	16.1%

	Quarter Ended 6/30/2025					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 292	$ 46	$ (1)	$ (33)	$ —	$ 304
Less:						
Franchise fees and income	19	2	3	—	—	24
Revenues from transactions with franchisees	17	1	17	80	—	115
Other revenues	1	6	172	17	(161)	35
Add:						
General and administrative expenses	61	26	8	36	—	131
Franchise expenses	9	1	—	—	—	10
Expenses for transactions with franchisees	15	1	16	78	—	110
Other operating costs and expenses	1	5	168	17	(161)	30
Closures and impairment expenses, net	8	3	1	—	—	12
Other income, net	—	—	—	(1)	—	(1)
Restaurant profit	$ 349	$ 73	$ —	$ —	$ —	$ 422
Company sales	2,059	545	9	—	—	2,613
Restaurant margin (%)	16.9%	13.3%	(11.5)%	N/A	N/A	16.1%

	Year to Date Ended 6/30/2026					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 749	$ 122	$ —	$ (76)	$ —	$ 795
Less:						
Franchise fees and income	47	6	6	—	—	59
Revenues from transactions with franchisees	38	5	51	217	—	311
Other revenues	2	6	483	47	(456)	82
Add:						
General and administrative expenses	128	54	14	80	—	276
Franchise expenses	21	3	—	—	—	24
Expenses for transactions with franchisees	30	4	48	216	—	298
Other operating costs and expenses	1	5	474	44	(455)	69
Closures and impairment expenses, net	10	1	1	—	—	12
Restaurant profit (loss)	$ 852	$ 172	$ (3)	$ —	$ 1	$ 1,022
Company sales	4,704	1,231	22	—	—	5,957
Restaurant margin (%)	18.1%	14.0%	(8.2)%	N/A	N/A	17.2%

	Year to Date Ended 6/30/2025					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 678	$ 106	$ (3)	$ (78)	$ —	$ 703
Less:						
Franchise fees and income	40	4	7	—	—	51
Revenues from transactions with franchisees	33	3	36	164	—	236
Other revenues	2	13	342	34	(324)	67
Add:						
General and administrative expenses	120	52	16	81	—	269
Franchise expenses	19	2	—	—	—	21
Expenses for transactions with franchisees	29	3	33	162	—	227
Other operating costs and expenses	2	11	335	34	(323)	59
Closures and impairment expenses, net	13	3	2	—	—	18
Other income, net	—	—	—	(1)	—	(1)
Restaurant profit (loss)	$ 786	$ 157	$ (2)	$ —	$ 1	$ 942
Company sales	4,267	1,129	18	—	—	5,414
Restaurant margin (%)	18.4%	13.9%	(16.0)%	N/A	N/A	17.4%

Reconciliation of GAAP Operating Profit to Core Operating Profit is as follows:

	Quarter ended		% Change	Year to Date Ended		% Change
	6/30/2026	6/30/2025	B/(W)	6/30/2026	6/30/2025	B/(W)
Operating profit	$ 348	$ 304	14	$ 795	$ 703	13
Special Items, Operating Profit	—	—		—	—	
Adjusted Operating Profit	$ 348	$ 304	14	$ 795	$ 703	13
Items Affecting Comparability	—	—		—	—	
F/X impact	(20)	—		(44)	—	
Core Operating Profit	$ 328	$ 304	7	$ 751	$ 703	7
Total revenues	3,138	2,787	13	6,409	5,768	11
F/X impact	(183)	—		(342)	—	
Total revenues, excluding the impact of F/X	$ 2,955	$ 2,787	6	$ 6,067	$ 5,768	5
Core OP margin (%)	11.1%	10.9%	0.2 ppts.	12.4%	12.2%	0.2 ppts.

Reconciliation of GAAP Operating Profit to Core Operating Profit by segment is as follows:

	Quarter Ended 6/30/2026					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 332	$ 51	$ (1)	$ (34)	$ —	$ 348
Special Items, Operating Profit	—	—	—	—	—	—
Adjusted Operating Profit (Loss)	$ 332	$ 51	$ (1)	$ (34)	$ —	$ 348
Items Affecting Comparability	—	—	—	—	—	—
F/X impact	(19)	(3)	—	2	—	(20)
Core Operating Profit (Loss)	$ 313	$ 48	$ (1)	$ (32)	$ —	$ 328

	Quarter Ended 6/30/2025					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 292	$ 46	$ (1)	$ (33)	$ —	$ 304
Special Items, Operating Profit	—	—	—	—	—	—
Adjusted Operating Profit (Loss)	$ 292	$ 46	$ (1)	$ (33)	$ —	$ 304
Items Affecting Comparability	—	—	—	—	—	—
F/X impact	—	—	—	—	—	—
Core Operating Profit (Loss)	$ 292	$ 46	$ (1)	$ (33)	$ —	$ 304

	Year to Date Ended 6/30/2026					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 749	$ 122	$ —	$ (76)	$ —	$ 795
Special Items, Operating Profit	—	—	—	—	—	—
Adjusted Operating Profit (Loss)	$ 749	$ 122	$ —	$ (76)	$ —	$ 795
Items Affecting Comparability	—	—	—	—	—	—
F/X impact	(40)	(7)	—	3	—	(44)
Core Operating Profit (Loss)	$ 709	$ 115	$ —	$ (73)	$ —	$ 751

	Year to Date Ended 6/30/2025					
	KFC	Pizza Hut	All Other Segments	Corporate and Unallocated	Elimination	Total
GAAP Operating Profit (Loss)	$ 678	$ 106	$ (3)	$ (78)	$ —	$ 703
Special Items, Operating Profit	—	—	—	—	—	—
Adjusted Operating Profit (Loss)	$ 678	$ 106	$ (3)	$ (78)	$ —	$ 703
Items Affecting Comparability	—	—	—	—	—	—
F/X impact	—	—	—	—	—	—
Core Operating Profit (Loss)	$ 678	$ 106	$ (3)	$ (78)	$ —	$ 703

Segment Results

KFC

	Quarter Ended				Year to Date Ended			
			% B/(W)				% B/(W)	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
Company sales	$ 2,294	$ 2,059	11	5	$ 4,704	$ 4,267	10	4
Franchise fees and income	24	19	23	16	47	40	20	13
Revenues from transactions with franchisees	19	17	18	11	38	33	16	10
Other revenues	1	1	(5)	(11)	2	2	(4)	(9)
Total revenues	$ 2,338	$ 2,096	12	5	$ 4,791	$ 4,342	10	4
Company restaurant expenses	$ 1,903	$ 1,710	(11)	(5)	$ 3,852	$ 3,481	(11)	(5)
G&A expenses	$ 67	$ 61	(9)	(3)	$ 128	$ 120	(6)	(1)
Franchise expenses	$ 10	$ 9	(22)	(15)	$ 21	$ 19	(18)	(11)
Expenses for transactions with franchisees	$ 15	$ 15	(3)	3	$ 30	$ 29	(4)	1
Other operating costs and expenses	$ 1	$ 1	53	55	$ 1	$ 2	58	60
Closures and impairment expenses, net	$ 10	$ 8	(30)	(23)	$ 10	$ 13	27	31
Operating Profit	$ 332	$ 292	14	7	$ 749	$ 678	10	5
OP Margin (%)	14.2%	14.0%	0.2 ppts.	0.2 ppts.	15.6%	15.6%	— ppts.	— ppts.
Restaurant profit	$ 391	$ 349	12	6	$ 852	$ 786	8	3
Restaurant margin (%)	17.1%	16.9%	0.2 ppts.	0.2 ppts.	18.1%	18.4%	(0.3) ppts.	(0.3) ppts.

	Quarter Ended 6/30/2026	Year to Date Ended 6/30/2026
	% change	% change
System Sales Growth	13%	12%
System Sales Growth, excluding F/X	7%	6%
Same-Store Sales Growth	1%	1%

Unit Count	6/30/2026	6/30/2025	% Increase
Company-owned	11,500	10,536	9
Franchisees	2,289	1,702	34
	13,789	12,238	13

Company Sales and Restaurant Profit

The changes in Company sales and Restaurant profit were as follows:

	Quarter Ended				
Income (Expense)	**6/30/2025**	**Store Portfolio Actions**	**Other**	**F/X**	**6/30/2026**
Company sales	$ 2,059	$ 86	$ 16	$ 133	$ 2,294
Cost of sales	(631)	(30)	(8)	(41)	(710)
Cost of labor	(556)	(26)	(12)	(36)	(630)
Occupancy and other operating expenses	(523)	(18)	11	(33)	(563)
Restaurant profit	$ 349	$ 12	$ 7	$ 23	$ 391

	Year to Date Ended				
Income (Expense)	**6/30/2025**	**Store Portfolio Actions**	**Other**	**F/X**	**6/30/2026**
Company sales	$ 4,267	$ 152	$ 33	$ 252	$ 4,704
Cost of sales	(1,316)	(53)	(9)	(78)	(1,456)
Cost of labor	(1,110)	(47)	(48)	(68)	(1,273)
Occupancy and other operating expenses	(1,055)	(35)	27	(60)	(1,123)
Restaurant profit	$ 786	$ 17	$ 3	$ 46	$ 852

The increase in Company sales for the quarter and year to date ended June 30, 2026, excluding the impact of F/X, was primarily driven by net unit growth and same-store sales growth. The increase in Restaurant profit for the quarter and year to date ended June 30, 2026, excluding the impact of F/X, was primarily driven by the increase in Company sales, efficiency improvement from streamlined operations and favorable commodity prices, partially offset by increased rider cost associated with higher delivery sales mix in the current period and value-for-money offerings.

Franchise Fees and Income/Revenues from Transactions with Franchisees

The quarter and year to date increase in Franchise fees and income and Revenues from transactions with franchisees, excluding the impact of F/X, was primarily driven by acceleration of franchise store openings.

Operating Profit

The quarter and year to date increase in Operating profit, excluding the impact of F/X, was primarily driven by the increase in Restaurant profit.

Pizza Hut

	Quarter Ended				Year to Date Ended			
			% B/(W)				% B/(W)	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
Company sales	$ 604	$ 545	11	4	$ 1,231	$ 1,129	9	3
Franchise fees and income	3	2	47	38	6	4	41	34
Revenues from transactions with franchisees	3	1	52	44	5	3	44	36
Other revenues	3	6	(41)	(44)	6	13	(51)	(54)
Total revenues	$ 613	$ 554	11	4	$ 1,248	$ 1,149	9	3
Company restaurant expenses	$ 526	$ 472	(11)	(5)	$ 1,059	$ 972	(9)	(3)
G&A expenses	$ 28	$ 26	(11)	(5)	$ 54	$ 52	(6)	0
Franchise expenses	$ 2	$ 1	(43)	(35)	$ 3	$ 2	(37)	(30)
Expenses for transactions with franchisees	$ 2	$ 1	(37)	(29)	$ 4	$ 3	(25)	(18)
Other operating costs and expenses	$ 3	$ 5	41	45	$ 5	$ 11	53	56
Closures and impairment expenses, net	$ 1	$ 3	52	54	$ 1	$ 3	56	58
Operating Profit	$ 51	$ 46	11	5	$ 122	$ 106	15	9
OP Margin (%)	8.3%	8.3%	— ppts.	0.1 ppts.	9.8%	9.2%	0.6 ppts.	0.6 ppts.
Restaurant profit	$ 78	$ 73	8	2	$ 172	$ 157	10	4
Restaurant margin (%)	12.9%	13.3%	(0.4) ppts.	(0.4) ppts.	14.0%	13.9%	0.1 ppts.	0.1 ppts.

	Quarter Ended 6/30/2026	Year to Date Ended 6/30/2026
	% change	% change
System Sales Growth	13%	11%
System Sales Growth, excluding F/X	6%	5%
Same-Store Sales Growth	1%	Even

Unit Count	6/30/2026	6/30/2025	% Increase
Company-owned	4,036	3,629	11
Franchisees	513	235	118
	4,549	3,864	18

Company Sales and Restaurant Profit

The changes in Company sales and Restaurant profit were as follows:

	Quarter Ended				
Income (Expense)	6/30/2025	Store Portfolio Actions	Other	F/X	6/30/2026
Company sales	$ 545	$ 21	$ 3	$ 35	$ 604
Cost of sales	(177)	(7)	(8)	(12)	(204)
Cost of labor	(154)	(6)	(1)	(10)	(171)
Occupancy and other operating expenses	(141)	(5)	4	(9)	(151)
Restaurant profit	$ 73	$ 3	$ (2)	$ 4	$ 78

	Year to Date Ended				
Income (Expense)	6/30/2025	Store Portfolio Actions	Other	F/X	6/30/2026
Company sales	$ 1,129	$ 36	$ —	$ 66	$ 1,231
Cost of sales	(363)	(12)	(20)	(22)	(417)
Cost of labor	(317)	(9)	6	(19)	(339)
Occupancy and other operating expenses	(292)	(10)	15	(16)	(303)
Restaurant profit	$ 157	$ 5	$ 1	$ 9	$ 172

As compared to the second quarter of 2025, the increase in Company sales for the quarter, excluding the impact of F/X, was primarily driven by net unit growth and same-store sales growth. The increase in Restaurant profit for the quarter, excluding the impact of F/X, was primarily driven by the increase in Company sales, efficiency improvement from streamlined operations and favorable commodity prices, partially offset by increased delivery cost associated with higher delivery sales mix in the current period and value-for-money offerings.

The increase in Company sales for the year to date ended June 30, 2026, excluding the impact of F/X, was primarily driven by net unit growth. The year to date increase in Restaurant profit, excluding the impact of F/X, was primarily driven by the increase in Company sales, efficiency improvement from streamlined operations and favorable commodity prices, partially offset by value-for-money offerings and increased delivery cost associated with higher delivery sales mix in the current period.

Franchise Fees and Income/Revenues from Transactions with Franchisees

The quarter and year to date increase in Franchise fees and income and Revenues from transactions with franchisees, excluding the impact of F/X, was primarily driven by acceleration of franchise store openings.

Operating Profit

The quarter and year to date increase in Operating profit, excluding the impact of F/X, was primarily driven by the increase in Restaurant profit and lower closures and impairment expenses.

All Other Segments

All Other Segments reflects the results of Lavazza, Huang Ji Huang, Little Sheep, Taco Bell and our delivery operating segment.

	Quarter Ended				Year to Date Ended			
			% B/(W)				% B/(W)	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
Company sales	$ 12	$ 9	28	21	$ 22	$ 18	26	19
Franchise fees and income	2	3	(25)	(30)	6	7	(25)	(29)
Revenues from transactions with franchisees	25	17	46	38	51	36	43	35
Other revenues	235	172	37	29	483	342	41	33
Total revenues	$ 274	$ 201	36	28	$ 562	$ 403	39	32
Company restaurant expenses	$ 12	$ 9	(17)	(11)	$ 25	$ 20	(17)	(11)
G&A expenses	$ 8	$ 8	1	7	$ 14	$ 16	11	15
Expenses for transactions with franchisees	$ 23	$ 16	(47)	(39)	$ 48	$ 33	(46)	(39)
Other operating costs and expenses	$ 231	$ 168	(37)	(29)	$ 474	$ 335	(41)	(34)
Closures and impairment expenses, net	$ 1	$ 1	3	8	$ 1	$ 2	32	35
Operating Profit (Loss)	$ (1)	$ (1)	80	81	$ —	$ (3)	NM	NM
OP Margin (%)	(0.1)%	(0.8)%	0.7 ppts.	0.7 ppts.	—	(0.8)%	0.8 ppts.	0.8 ppts.
Restaurant profit (loss)	$ —	$ —	74	80	$ (3)	$ (2)	35	41
Restaurant margin (%)	(2.3)%	(11.5)%	9.2 ppts.	9.2 ppts.	(8.2)%	(16.0)%	7.8 ppts.	7.8 ppts.

Total Revenues

The quarter and year to date increase in Total revenues of All other segments, excluding the impact of F/X, was primarily driven by revenue generated by our delivery team for services provided to Company-owned restaurants, which is inter-segment revenue, and franchise restaurants as a result of increased delivery sales.

Operating Profit (Loss)

The quarter and year to date improvement in Operating profit (loss) excluding the impact of F/X, was primarily driven by the decrease in Operating loss from certain emerging brands.

Corporate and Unallocated

	Quarter Ended				Year to Date Ended			
			% B/(W)				% B/(W)	
	6/30/2026	6/30/2025	Reported	Ex F/X	6/30/2026	6/30/2025	Reported	Ex F/X
Revenues from transactions with franchisees	$ 108	$ 80	37	29	$ 217	$ 164	32	25
Other revenues	$ 25	$ 17	43	34	$ 47	$ 34	38	31
Expenses for transactions with franchisees	$ 108	$ 78	(39)	(31)	$ 216	$ 162	(33)	(26)
Other operating costs and expenses	$ 23	$ 17	(40)	(32)	$ 44	$ 34	(33)	(26)
Corporate G&A expenses	$ 36	$ 36	(2)	1	$ 80	$ 81	—	3
Other unallocated income, net	$ —	$ (1)	(99)	(100)	$ —	$ (1)	(67)	(71)
Interest income, net	$ 12	$ 25	(52)	(52)	$ 28	$ 51	(48)	(49)
Investment loss	$ (6)	$ (18)	65	65	$ (17)	$ (15)	(6)	(6)
Income tax provision (See Note 12)	$ (92)	$ (80)	(14)	(9)	$ (215)	$ (199)	(8)	(2)
Equity in net earnings (losses) from equity method investments	$ 2	$ 2	23	16	$ 4	$ 6	(15)	(20)
Effective tax rate (See Note 12)	26.0%	25.8%	(0.2) ppts.	(0.2) ppts.	26.6%	26.9%	0.3 ppts.	0.3 ppts.

Revenues from Transactions with Franchisees

Revenues from transactions with franchisees primarily include revenues derived from the Company's central procurement model, whereby food and paper products are centrally purchased and then mainly sold to KFC and Pizza Hut franchisees. The quarter and year to date increase in revenues from transactions with franchisees, excluding the impact of F/X, was mainly due to the increase in system sales for franchisees primarily driven by acceleration of franchise store openings.

Corporate G&A Expenses

Corporate G&A expenses for the quarter remained flat. The year to date decrease in Corporate G&A expenses, excluding the impact of F/X, was primarily due to lower compensation costs and timing of government subsidies.

Interest Income, Net

The quarter and year to date decrease in interest income, net, excluding the impact of F/X, was primarily driven by lower investment balance with cash used in return to shareholders and lower interest rates.

Investment Loss

The investment loss mainly relates to the change in fair value of our investment in Meituan. See Note 3 for additional information.

Income Tax Provision

Our income tax provision primarily includes tax on our earnings generally at the Chinese statutory tax rate of 25% with certain Chinese subsidiaries qualified for preferential tax rates, withholding tax on planned or actual repatriation of earnings outside of China, Hong Kong profits tax, and U.S. corporate income tax, if any. The higher effective tax rate for the quarter ended June 30, 2026 was primarily due to higher U.S. tax impact. The lower effective tax rate for the year to date ended June 30, 2026 was primarily due to higher excess tax benefits upon exercise of share-based awards.

Significant Known Events, Trends or Uncertainties Expected to Impact Future Results

Tax Examination on Transfer Pricing

We are subject to reviews, examinations and audits by Chinese tax authorities, the Internal Revenue Service and other tax authorities with respect to income and non-income based taxes. Since 2016, we have been under a national audit on transfer pricing by the STA in China regarding our related party transactions for the period from 2006 to 2015. The information and views currently exchanged with the tax authorities focus on our franchise arrangement with YUM. We continue to provide information requested by the tax authorities to the extent it is available to the Company. It is reasonably possible that there could be significant developments, including expert review and assessment by the STA, within the next 12 months. The ultimate assessment and decision of the STA will depend upon further review of the information provided, as well as ongoing technical and other discussions with the STA and in-charge local tax authorities, and therefore it is not possible to reasonably estimate the potential impact at this time. We will continue to defend our transfer pricing position. However, if the STA prevails in the assessment of additional tax due based on its ruling, the assessed tax, interest and penalties, if any, could have a material adverse impact on our financial position, results of operations and cash flows.

PRC Value-Added Tax ("VAT")

Effective May 1, 2016, a 6% output VAT replaced the 5% business tax ("BT") previously applied to certain restaurant sales. Input VAT would be creditable to the aforementioned 6% output VAT. Our new retail business is generally subject to VAT rates at 9% or 13%. The latest VAT rates imposed on our purchase of materials and services mainly included 13%, 9% and 6%, which were gradually changed from 17%, 13%, 11% and 6% since 2017. These rate changes impact our input VAT on all materials and certain services, mainly including construction, transportation and leasing. However, the impact on our operating results was insignificant.

Entities that are general VAT taxpayers are permitted to offset qualified input VAT paid to suppliers against their output VAT upon receipt of appropriate supplier VAT invoices on an entity-by-entity basis. When the output VAT exceeds the input VAT, the difference is remitted to tax authorities, usually on a monthly basis; whereas when the input VAT exceeds the output VAT, the difference is treated as a VAT asset which can be carried forward indefinitely to offset future net VAT payables. VAT related to purchases and sales which have not been settled at the balance sheet date is disclosed separately as an asset and liability, respectively, in the Condensed Consolidated Balance Sheets. At each balance sheet date, the Company reviews the outstanding balance of any VAT asset for recoverability, giving consideration to the indefinite life of VAT assets as well as its forecasted operating results and capital spending, which inherently includes significant assumptions that are subject to change. As of June 30, 2026 and December 31, 2025, the Company has not made an allowance for the recoverability of VAT assets, as the balance is expected to be utilized to offset against VAT payables or be refunded in the future.

In June 2022, the Chinese Ministry of Finance ("MOF") and the STA jointly issued Announcement [2022] No. 21, to extend full VAT credit refunds to more sectors and increase the frequency for accepting taxpayers' applications. Beginning on July 1, 2022, entities engaged in providing catering services in China are allowed to apply for a lump sum refund of VAT assets accumulated prior to March 31, 2019. In addition, VAT assets accumulated after March 31, 2019 can be refunded on a monthly basis. In August 2025, the MOF and the STA jointly issued Announcement [2025] No. 7, amending the VAT refund policy. Effective September 1, 2025, certain industries (including the catering sector) are only eligible for a partial refund of VAT assets, subject to additional criteria stipulated in the announcement.

As of June 30, 2026, current VAT assets of $159 million, non-current VAT assets of $14 million and net VAT payable of $7 million were recorded in Prepaid expenses and other current assets, Other assets and Accounts payable and other current liabilities, respectively, in the Condensed Consolidated Balance Sheets.

The Company will continue to review the classification of VAT assets at each balance sheet date, giving consideration to different local implementation practices of refunding VAT assets and the outcome of potential administrative reviews.

We have been benefiting from the retail tax structure reform since it was implemented on May 1, 2016. However, the amount of our expected benefit from this VAT regime depends on a number of factors, some of which are outside of our control. The interpretation and application of the new VAT regime are not settled at some local governmental levels. On December 25, 2024, China enacted the VAT Law, which came into effect on January 1, 2026, along with its implementation rules. In terms of tax rates, the VAT Law maintains the existing standard rates of 13%, 9% and 6%. We will continue to monitor regulatory developments and evaluate any potential impact on our financial statements.

Foreign Currency Exchange Rate

The reporting currency of the Company is the US$. Most of the revenues, costs, assets and liabilities of the Company are denominated in Chinese Renminbi ("RMB"). Any significant change in the exchange rate between US$ and RMB may materially affect the Company's business, results of operations, cash flows and financial condition, depending on the weakening or strengthening of RMB against the US$. See "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for further discussion.

Condensed Consolidated Cash Flows

Our cash flows for the years to date ended June 30, 2026 and 2025 were as follows:

Net cash provided by operating activities was $976 million in 2026 as compared to $864 million in 2025. The increase was primarily driven by the increase in Operating profit along with working capital changes.

Net cash used in investing activities was $265 million in 2026 as compared to $290 million in 2025. The decrease was mainly due to the net impact on cash flows resulting from purchases and maturities of short-term investments, and long-term bank deposits and notes.

Net cash used in financing activities was $739 million in 2026 as compared to $709 million in 2025. The increase was primarily driven by the increase of share repurchases and cash dividends paid on common stock, partially offset by the increase in the proceeds from short-term borrowings.

Liquidity and Capital Resources

Historically we have funded our operations through cash generated from the operation of our Company-owned stores and our franchise operations. Our global offering in September 2020 provided us with $2.2 billion in net proceeds.

Our ability to fund our future operations and capital needs will primarily depend on our ongoing ability to generate cash from operations. We believe our principal uses of cash in the future will be primarily to fund our operations and capital expenditures for accelerating store network expansion and store remodeling, to step up investments in digitalization, automation and logistics infrastructure, to provide returns to our stockholders, as well as to explore opportunities for investments that build and support our ecosystem or strategic acquisitions. We believe that our future cash from operations, together with our funds on hand and access to the capital markets, will provide adequate resources to fund these uses of cash, and that our existing cash, net cash from operations and credit facilities will be sufficient to fund our operations and anticipated capital expenditures for the next 12 months. We currently expect our fiscal year 2026 capital expenditures to be in the range of approximately $600 million to $700 million.

In August 2026, the Company completed the acquisition of ownership of the Pizza Hut brand in Mainland China at a cash consideration of $1.2 billion. To finance the transaction, the Company secured an approximately $1.2 billion equivalent offshore bridge loan for up to twelve months.

For long term financing, the Company is evaluating a range of options. The timing and terms of any such financing will depend on market conditions and other factors. Our access to, and the availability of, financing on acceptable terms and conditions in the future or at all will be impacted by many factors, including, but not limited to:

- our financial performance;
- our credit ratings;
- the liquidity of the overall capital markets and our access to capital markets; and
- the state of the Chinese, U.S. and global economies, as well as relations between the Chinese and U.S. governments.

There can be no assurance that we will have access to the capital markets on terms acceptable to us or at all.

Generally, our income is subject to the Chinese statutory tax rate of 25%. However, to the extent our cash flows from operations exceed our China cash requirements, the excess cash may be subject to an additional 10% withholding tax levied by the Chinese tax authority, subject to any reduction or exemption set forth in relevant tax treaties or tax arrangements.

Share Repurchases and Dividends

As of June 30, 2026, our Board of Directors authorized an aggregate of $5.4 billion for our share repurchase program, of which $641 million remained available as of June 30, 2026. Yum China may repurchase shares under this program from time to time in the open market or, subject to applicable regulatory requirements, through privately negotiated transactions, block trades, accelerated share repurchase transactions and the use of Rule 10b5-1 trading plans. During the years to date ended June 30, 2026 and 2025, the Company repurchased 10.7 million shares of common stock for $515 million and 7.7 million shares of common stock for $356 million, respectively, under the repurchase program, excluding transaction costs and excise tax.

For the quarters ended June 30, 2026 and 2025, the Company paid cash dividends of approximately $101 million and $90 million, respectively, and for the years to date ended June 30, 2026 and 2025, the Company paid aggregate cash dividends of approximately $203 million and $180 million, respectively, to stockholders through a quarterly dividend payment of $0.29 and $0.24 per share, respectively.

The Company plans to return $1.5 billion to shareholders in 2026, adding to the $1.5 billion it delivered to shareholders in each of 2025 and 2024 in share repurchases and dividends.

On July 30, 2026, the Board of Directors declared a cash dividend of $0.29 per share, payable on September 17, 2026, to stockholders of record as of the close of business on August 27, 2026. The total estimated cash dividend payable is approximately $99 million.

The Company plans to return an average annual return of approximately $900 million to over $1 billion in 2027 and 2028, and to exceed $1 billion in 2028.

Our plan of capital returns to shareholders is based on current expectations, which may change based on market conditions, capital needs or otherwise. Our ability to return capital to shareholders in the future is also subject to the factors described below under "Forward-Looking Statements." In addition, our ability to declare and pay any dividends on our stock may be restricted by our earnings available for distribution under applicable Chinese laws. The laws, rules and regulations applicable to our Chinese subsidiaries permit payments of dividends only out of their accumulated profits, if any, determined in accordance with applicable Chinese accounting standards and regulations. Under Chinese laws, an enterprise incorporated in China is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund statutory surplus reserve, until the aggregate amount of such a fund reaches 50% of its registered capital. As a result, our Chinese subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. At the discretion of the board of directors, as an enterprise incorporated in China, each of our Chinese subsidiaries may allocate a portion of its after-tax profits based on Chinese accounting standards to discretionary surplus reserve. These reserves are not distributable as cash dividends.

Borrowing Capacity

As of June 30, 2026, the Company had credit facilities of RMB10,715 million (approximately $1,579 million), comprised of onshore credit facilities in the aggregate amount of RMB8,000 million (approximately $1,179 million), offshore credit facilities in the aggregate amount of $200 million and a credit facility of $200 million that can be used for either onshore or offshore.

The credit facilities had remaining terms ranging from less than one year to three years as of June 30, 2026. Our credit facilities mainly include term loans, overdrafts, letters of credit, banker's acceptance notes and bank guarantees. The credit facilities in general bear interest based on the Loan Prime Rate ("LPR") published by the National Interbank Funding Centre of the PRC, or Secured Overnight Financing Rate ("SOFR") published by the Federal Reserve Bank of New York. Each credit facility contains a cross-default provision whereby our failure to make any payment on a principal amount from any credit facility will constitute a default on other credit facilities. Some of the credit facilities contain covenants limiting, among other things, certain additional indebtedness and liens, and certain other transactions specified in the respective agreements. As of June 30, 2026, we had outstanding short-term bank borrowings of RMB445 million (approximately $66 million), mainly to manage working capital at our operating subsidiaries. Such bank borrowings are due within one year from their issuance dates. As of June 30, 2026, we also had outstanding bank guarantees of RMB315 million (approximately $46 million) mainly to secure our lease payments to landlords for certain Company-owned restaurants, as well as outstanding bank guarantees of RMB600 million (approximately $89 million) to secure the balance of prepaid stored-value cards issued by the Company pursuant to regulatory requirements. Our credit facilities were therefore reduced by outstanding short-term bank borrowings, adjusted for unamortized interest and outstanding guarantees. As of June 30, 2026, the Company had unused credit facilities of approximately $1,378 million.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

See Note 2 for details of recently adopted accounting pronouncements.

New Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03"), requiring public business entities to disclose in the notes to the financial statements, among other things, specific information about certain costs and expenses including purchases of inventory, employee compensation, depreciation, amortization and depletion expenses for each caption on the income statement where such expenses are included. ASU 2024-03 is effective for the Company for annual period from January 1, 2027, and for interim periods from January 1, 2028, with early adoption permitted. We are currently evaluating the impact the adoption of this standard may have on our financial statements.

In September 2025, the FASB issued Accounting Standards Update 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40), Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"), which better aligns the accounting guidance to how software is developed by eliminating project stages from capitalization criteria, and further clarifies the threshold entities apply to begin capitalizing costs. The amendment also enhances the disclosure requirements for internal-use software. ASU 2025-06 is effective for the Company from January 1, 2028, with early adoption permitted. We are currently evaluating the impact the adoption of this standard may have on our financial statements.

In December 2025, the FASB issued ASU 2025-10, *Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities* ("ASU 2025-10") to establish guidance on the recognition, measurement, and presentation of government grants received by business entities. The new standard leverages the principles in the accounting framework for government assistance in International Accounting Standard 20. ASU 2025-10 is effective for the Company for annual period from January 1, 2029, with early adoption permitted. We are currently evaluating the impact the adoption of this standard may have on our financial statements.

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements often include words such as "may," "will," "estimate," "intend," "seek," "expect," "project," "anticipate," "believe," "plan," "could," "target," "aim," "commit," "predict," "likely," "should," "forecast," "outlook," "model," "continue," "ongoing" or other similar terminology. Forward-looking statements are based on our expectations, estimates, assumptions or projections concerning future results or events as of the date of the filing of this Form 10-Q. Our plan of capital returns to shareholders is based on current expectations, which may change based on market conditions, capital needs or otherwise. Forward-looking statements are neither predictions nor guarantees of future events, circumstances or performance and are inherently subject to known and unknown risks, uncertainties and assumptions that could cause our actual results and events to differ materially from those indicated by those statements. We cannot assure you that any of our assumptions are correct or any of our expectations, estimates or projections will be achieved. Numerous factors could cause our actual results to differ materially from those expressed or implied by forward-looking statements, including, without limitation, the following:

- Risks related to our business and industry, such as (a) food safety and foodborne illness concerns, (b) significant failure to maintain effective quality assurance systems for our restaurants, (c) significant liability claims, food contamination complaints from our customers or reports of incidents of food tampering, (d) health concerns arising from outbreaks of viruses or other illnesses, (e) the fact that the operation of our restaurants is subject to the terms of the master license agreement with YUM, (f) the fact that substantially all of our revenue is derived from our operations in China, (g) the fact that our success is tied to the success of YUM's brand strength, marketing campaigns and product innovation, (h) shortages or interruptions in the availability and delivery of food products and other supplies, (i) fluctuation of raw materials prices, (j) our inability to attain our target development goals, the potential cannibalization of existing sales by aggressive development and the possibility that new restaurants will not be profitable, (k) risks associated with leasing real estate, (l) inability to obtain desirable restaurant locations on commercially reasonable terms, (m) labor shortages or increases in labor costs, (n) the fact that our success depends substantially on our corporate reputation and on the value and perception of our brands, (o) challenges and risks related to our franchise development, (p) failures or interruptions of service or security breaches in our information technology systems, (q) the occurrence of security breaches and cyber-attacks, (r) failure to protect the integrity and security of our customer or employee personal, financial or other data or our proprietary or confidential information that is stored in our information systems or by third parties on our behalf, (s) the fact that our business depends on the performance of, and our long-term relationships with, third-party mobile payment processors, internet infrastructure operators, internet service providers, delivery aggregators and third-party e-commerce platforms, (t) failure to provide timely and reliable delivery services by our restaurants and the continued increase in delivery sales mix, (u) our growth strategy with respect to our coffee business may not be successful, (v) the anticipated benefits of our acquisitions may not be realized in a timely manner or at all, (w) challenges and risks related to our new retail business, (x) use of GenAI technologies, (y) our inability or failure to recognize, respond to and effectively manage the impact of social media, (z) failure to comply with anti-bribery or anti-corruption laws, (aa) U.S. federal income taxes, changes in tax rates, disagreements with tax authorities and imposition of new taxes, (bb) changes in consumer discretionary spending and general economic conditions, (cc) the fact that the restaurant industry in which we operate is highly competitive, (dd) loss of or failure to obtain or renew any or all of the approvals, licenses and permits to operate our business, (ee) our inability to adequately protect the intellectual property we own or have the right to use, (ff) our licensor's failure to protect its intellectual property, (gg) seasonality and certain major events in China, (hh) our failure to detect, deter and prevent all instances of fraud or other misconduct committed by our employees, customers or other third parties, (ii) the fact that our success depends on the continuing efforts of our key management and experienced and capable personnel as well as our ability to recruit new talent, (jj) our strategic investments or acquisitions may be unsuccessful; (kk) our investment in technology and innovation may not generate the expected level of returns, (ll) fluctuation of changes for our equity investments measured at fair value, lower yields of our short-term investments or lower returns of our future long-term bank deposits and notes may adversely affect our financial results, and (mm) our operating results or net income may be adversely affected by our investment in equity method investees;

- Risks related to doing business in China, such as (a) changes in Chinese political policies and economic and social policies or conditions, (b) the interpretation and enforcement of Chinese laws, rules and regulations may change from time to time with little advance notice, and the risk that the PRC government may intervene or influence our operations, which could result in a material change in our operations and/or the value of our securities to decline, (c) audit reports included in our annual reports prepared by auditors who are located in China, and in the event the PCAOB is unable to inspect our auditors, our common stock will be subject to potential delisting from the New York Stock Exchange, (d) changes in political, business, economic and trade relations between the United States and China, (e) fluctuation in the value of the Chinese Renminbi, (f) the fact that we face increasing focus and evolving requirements on environmental sustainability issues, (g) limitation on our ability to utilize our cash balances effectively, including making funds held by our China-based subsidiaries unavailable for use outside of mainland China, due to interventions in or the imposition of restrictions and limitations by the PRC government on currency conversion and payments of foreign currency and RMB out of mainland China, (h) changes in the laws and regulations of China or noncompliance with applicable laws and regulations, (i) reliance on dividends and other distributions on equity paid by our principal subsidiaries in China to fund offshore cash requirements, and uncertainties regarding the application of the withholding tax rates could have a material adverse effect on our business and financial results, (j) potential unfavorable tax consequences resulting from our classification as a China resident enterprise for Chinese enterprise income tax purposes, (k) uncertainty regarding indirect transfers of equity interests in China resident enterprises and enhanced scrutiny by Chinese tax authorities, (l) difficulties in effecting service of legal process, conducting investigations, collecting evidence, enforcing foreign judgments or bringing original actions in China against us, (m) the Chinese government may determine that the variable interest entity structure of Daojia does not comply with Chinese laws on foreign investment in restricted industries, (n) inability to use properties due to defects caused by non-registration of lease agreements related to certain properties, (o) risk in relation to unexpected land acquisitions, building closures or demolitions, (p) potential fines and other legal or administrative sanctions for failure to comply with Chinese regulations regarding our employee equity incentive plans and various employee benefit plans, (q) proceedings instituted by the SEC against certain China-based accounting firms, including our independent registered public accounting firm, could result in our financial statements being determined to not be in compliance with the requirements of the Exchange Act, (r) restrictions on our ability to make loans or additional capital contributions to our Chinese subsidiaries due to Chinese regulation of loans to, and direct investment in, Chinese entities by offshore holding companies and governmental administration of currency conversion, (s) difficulties in pursuing growth through acquisitions due to regulations regarding acquisitions, and (t) the PRC government has significant oversight and discretion to exert supervision over offerings of securities conducted outside of China and over foreign investment in China-based issuers, and may limit or completely hinder our ability to offer securities to investors, or cause the value of our securities to significantly decline;

- Risks related to the separation and related transactions, such as (a) incurring significant tax liabilities if the distribution does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes and the Company could be required to indemnify YUM for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement, (b) being obligated to indemnify YUM for material taxes and related amounts pursuant to indemnification obligations under the tax matters agreement if YUM is subject to Chinese indirect transfer tax with respect to the distribution, (c) potential indemnification liabilities owing to YUM pursuant to the separation and distribution agreement, (d) the indemnity provided by YUM to us with respect to certain liabilities in connection with the separation may be insufficient to insure us against the full amount of such liabilities, (e) the possibility that a court would require that we assume responsibility for obligations allocated to YUM under the separation and distribution agreement, and (f) potential liabilities due to fraudulent transfer considerations; and

- General risks, such as (a) potential legal proceedings, (b) changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters, (c) failure of our insurance policies to provide adequate coverage for claims associated with our business operations, (d) unforeseeable business interruptions, and (e) failure by us to maintain effective disclosure controls and procedures and internal control over financial reporting in accordance with the rules of the SEC.

In addition, other risks and uncertainties not presently known to us or that we currently believe to be immaterial could affect the accuracy of any such forward-looking statements. All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. You should consult our filings with the SEC (including the information set forth under the captions “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025) for additional information regarding factors that could affect our financial and other results. You should not place undue reliance on forward-looking statements, which speak only as of the date of the filing of this Form 10-Q. We are not undertaking to update any of these statements, except as required by law.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rate Risk

Changes in foreign currency exchange rates impact the translation of our reported foreign currency denominated earnings, cash flows and net investments in foreign operations, virtually all of which are denominated in RMB. While substantially all of our supply purchases are denominated in RMB, from time to time, we enter into agreements with third parties to purchase certain amount of goods and services sourced overseas and make payments in the corresponding local currencies at predetermined exchange rates when practical, to minimize the related foreign currency exposure with immaterial impact on our financial statements.

As substantially all of the Company's operations are located in China, the Company is exposed to movements in the RMB foreign currency exchange rate. For the quarter and year to date ended June 30, 2026, the Company's Operating profit would have decreased by approximately $33 million and $75 million, respectively, if the RMB weakened 10% relative to the U.S. dollar. This estimated reduction assumes no changes in sales volumes or local currency sales or input prices.

Commodity Price Risk

We are subject to volatility in food costs as a result of market risk associated with commodity prices. Our ability to recover increased costs through higher pricing is, at times, limited by the competitive environment in which we operate. We manage our exposure to this risk primarily through pricing agreements with our vendors.

Investment Risk

In September 2018, we invested $74 million in 8.4 million of Meituan's ordinary shares. The Company sold 4.2 million of its ordinary shares of Meituan in the second quarter of 2020 for proceeds of approximately $54 million. Equity investment in Meituan is recorded at fair value, which is measured on a recurring basis and is subject to market price volatility. See Note 3 for further discussion on our investment in Meituan.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 as of the end of the period covered by this report. Based on the evaluation, performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO"), the Company's management, including the CEO and the CFO, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There were no changes with respect to the Company's internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II – Other Information

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 14 to the Company's Condensed Consolidated Financial Statements set forth in Part I of this report.

Item 1A. Risk Factors

We face a variety of risks that are inherent in our business and our industry, including operational, legal and regulatory risks. Such risks could cause our actual results to differ materially from our forward-looking statements, expectations and historical trends. There have been no material changes from the risk factors disclosed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on February 27, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

As of June 30, 2026, our Board of Directors authorized an aggregate of $5.4 billion for our share repurchase program. The authorization does not have an expiration date.

The following table provides information as of June 30, 2026 with respect to shares of Yum China common stock repurchased on the NYSE and HKEX by the Company during the quarter then ended:

Period	Total Number of Shares Repurchased (thousands)	Average Price Paid Per Share[(a)]	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs (thousands)	Approximate Dollar Value of Shares that May Yet Be Repurchased under the Plans or Programs (millions)
4/1/26-4/30/26	1,672	$ 48.95	1,672	$ 860
5/1/26-5/31/26	2,894	$ 46.79	2,894	$ 725
6/1/26-6/30/26	1,969	$ 42.53	1,969	$ 641
Total	6,535	$ 46.06	6,535	$ 641

(a) Starting January 2024, the Company also repurchased shares of common stock through open market transactions on the HKEX. Price paid for shares repurchased on the HKEX has been converted into U.S. dollars at the exchange rate on the date of repurchase.

Item 5. Other Information

During the quarter ended June 30, 2026, none of the Company's officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended ("Exchange Act") or directors adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Exchange Act).

Item 6. Exhibits

Exhibit Number	Description of Exhibits
10.1** ***	Membership Interest Purchase Agreement, dated as of June 16, 2026, by and between Yum China Holdings, Inc. and Yum! Brands, Inc.*
10.2***	Amended and Restated KFC/TB Master License Agreement, dated as of August 7, 2026, by and between YRI China Franchising LLC and Yum Restaurants Consulting (Shanghai) Company Limited. (incorporated by reference to Exhibit 10.1 to Yum China Holdings, Inc.'s Current Report on Form 8-K filed on August 7, 2026).
10.3	Guaranty of Amended and Restated KFC/TB Master License Agreement, dated as of August 7, 2026, by Yum China Holdings, Inc. (incorporated by reference to Exhibit 10.2 to Yum China Holdings, Inc.'s Current Report on Form 8-K filed on August 7, 2026).
10.4**	Bridge Credit Agreement, dated as of July 31, 2026, among Yum China Holdings, Inc., HSBC Bank USA, National Association and Citibank N.A., Hong Kong Branch, as lenders, and HSBC Bank USA, National Association, as administrative agent. (incorporated by reference to Exhibit 10.1 to Yum China Holdings, Inc.'s Current Report on Form 8-K filed on August 6, 2026).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document *

* Filed or furnished herewith.
** Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules and/or exhibits will be furnished to the Securities and Exchange Commission upon request.
*** Portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Yum China Holdings, Inc.
	(Registrant)
Date: August 10, 2026	/s/ Xueling Lu
	Controller and Principal Accounting Officer

Exhibit 10.1

EXECUTION VERSION
PRIVATE AND CONFIDENTIAL

Pursuant to Item 601(b)(10)(iv) of Regulation S-K, this exhibit omits certain information, identified by [*], that is not material and that the registrant treats as private or confidential.

MEMBERSHIP INTEREST PURCHASE AGREEMENT

BETWEEN

YUM CHINA HOLDINGS, INC.

AND

YUM! BRANDS, INC.

Dated as of June 16, 2026

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

This MEMBERSHIP INTEREST PURCHASE AGREEMENT is made as of June 16, 2026, between Yum China Holdings, Inc., a Delaware corporation ("Purchaser"), and Yum! Brands, Inc., a North Carolina corporation ("Seller"). Purchaser and Seller are each sometimes referred to in this Agreement as a "Party," and collectively as the "Parties." Certain capitalized terms used in this Agreement have the meanings set forth in ARTICLE I.

PRELIMINARY STATEMENTS

A. Seller owns indirectly all of the outstanding membership interests of Yum! International Finance Company, LLC, a Delaware limited liability company ("YIFC"), which in turn owns beneficially and of record all of the outstanding membership interests (the "Interests") of Willow Glade Investments, LLC, a Delaware limited liability company (the "Company"), which constitute all of the issued and outstanding Equity Interests of the Company.

B. Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, all of the Interests, upon the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements contained in this Agreement, Seller and Purchaser agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATION

Section 1.1 Definitions. The following terms shall have the following meanings for purposes of this Agreement:

"367(d) Receivable" has the meaning set forth in Section 7.1(i)(iv).

"A&R KFC/TB MLA" means that certain Amended and Restated Master License Agreement, by and between YRI China Franchising, LLC ("YRICF") and Yum Restaurants Consulting (Shanghai) Company Limited ("YCCL"), in the form attached hereto as Exhibit A.

"Acquired Companies" means the Company and each of its Subsidiaries (direct or indirect).

"Affiliate" means, with respect to any specified Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by such specified Person. The term "control" (including its correlative meanings "under common control with" and "controlled by") as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities or partnership or other interests, by contract, or otherwise. For the avoidance of doubt, no franchisee, licensee or sublicensee shall be deemed to be an Affiliate of Seller, Purchaser, or the Company by virtue of such franchise, license or sublicense.

"Agreement" means this Membership Interest Purchase Agreement, including all Exhibits and Schedules.

"Allocation Schedule" has the meaning set forth in Section 7.1(i)(iii).

"Available Insurance Policy" has the meaning set forth in Section 7.7.

"Business Day" means any day other than a Saturday, Sunday, or a day on which all banking institutions of New York, New York or Shanghai, PRC are authorized or obligated by Law or executive order to close.

"Check-the-Box Election" has the meaning set forth in Section 7.1(i)(i).

"Cherry Glade" means Cherry Glade Ventures, Ltd., a Malta limited liability company bearing company registration number C 113952.

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing Notice" has the meaning set forth in Section 9.1(e)(ii).

"Code" means the United States Internal Revenue Code of 1986.

"Co-Existence Agreement" means that certain Co-Existence Agreement, in the form attached hereto as Exhibit B.

"Company" has the meaning set forth in the preliminary statements to this Agreement.

"Company Intellectual Property" means all Company Owned IP and Company Licensed IP.

"Company Licensed IP" means all Intellectual Property licensed to any of the Acquired Companies.

"Company Owned IP" means all Intellectual Property owned or purported to be owned by any of the Acquired Companies, including all Intellectual Property assigned to the Company pursuant to the IP Confirmation and Assignment Agreement, the Consent of Assignment and the Trademark Assignment Agreement.

"Company Registered IP" has the meaning set forth in Section 4.7(a).

"Confidentiality Agreement" has the meaning set forth in Section 7.3.

"Consent" means a consent, authorization, waiver, or approval of, or a filing, notification, or registration with, a Person.

"Consent of Assignment" means that certain Consent of Assignment, dated as of February 5, 2026, by and between PHILLC, as assignor thereunder, and the Company, as assignee thereunder.

"Contract" means any contract, subcontract, agreement, franchise agreement, lease (whether for real or for personal property), license, sublicense, sales order, purchase order, indenture, mortgage, note, bond, guaranty, or other arrangement, whether written or oral.

"Credit Agreement" means that certain Credit Agreement, dated as of June 16, 2016, by and among Pizza Hut Holdings, LLC, KFC Holding Co. and Taco Bell of America, LLC, as the Borrowers (as defined in the Credit Agreement), JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent (each as defined in the Credit Agreement), and the Lenders (as defined in the Credit Agreement) party thereto, as amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"Current Liabilities" means obligations that would be classified as current liabilities in accordance with United States generally accepted accounting principles, including accounts payable, accrued expenses, intercompany payables, intercompany billings, amounts owing under cost sharing arrangements, licensing fees, intercompany loans (and any accrued interest thereon), but excluding any liabilities for Taxes.

"Data Room" means the virtual data room, having the name "Project Baseball," established by Seller in connection with the transactions contemplated by this Agreement.

"Disclosure Schedules" means the Disclosure Schedules delivered by Seller to Purchaser in connection with, and constituting a part of, this Agreement.

"Dollars" or numbers preceded by the symbol "$" mean amounts in United States Dollars.

"Enforceability Limitations" means limitations on enforcement and other remedies imposed by or arising under or in connection with applicable bankruptcy, insolvency (or similar pre-insolvency concepts), fraudulent transfer, reorganization, moratorium, and other similar Laws relating to or affecting creditors' rights generally from time to time in effect or general principles of equity (including concepts of materiality, reasonableness, good faith, and fair dealing with respect to those jurisdictions that recognize such concepts).

"Equity Interests" means (a) shares of capital stock, limited liability company membership interests, partnership interests, or other equity interests of an entity, as applicable, (b) any options, warrants, or other securities exercisable for or convertible into any of the securities described in clause (a), and (c) any right to acquire, whether by warrant, subscription agreement, option or otherwise, any of the securities or interests described in clauses (a) or (b).

"Existing Agreements" means any agreements between or among Seller and its Affiliates, on the one hand, and Purchaser and its Affiliates, on the other hand, in effect immediately prior to the execution of this Agreement that remain in effect following the Closing between Seller and its Affiliates (after giving effect to the Closing), on the one hand, and Purchaser and its Affiliates (after giving effect to the Closing), on the other hand.

"Financing Indemnified Parties" has the meaning set forth in Section 7.5(c).

"Firm" has the meaning set forth in Section 7.1(i)(iii).

"Formation Date" means (a) with respect to the Company, November 13, 2025 and (b) with respect to each of Walnut Glade and Cherry Glade, November 26, 2025.

"Fraud" means, with respect to a Person, the knowing and intentional common law fraud of such Person under the laws of the State of Delaware in the making of an express representation or warranty contained in this Agreement, any Related Agreement, or any certificate delivered by such Person at Closing pursuant to this Agreement. "Fraud" does not include equitable fraud, constructive fraud, promissory fraud, unfair dealings fraud, unjust enrichment or any torts or other claim based on negligence or recklessness (including based on constructive knowledge or negligent misrepresentation).

"Fundamental Representations" means the representations and warranties set forth in Section 4.1 (*Organization and Authorization of Seller and Seller Parties*), Section 4.2 (*Ownership of the Interests*), Section 4.4 (*Organization and Corporate Power*), Section 4.5 (*Interests; Subsidiaries*), Section 4.12 (*No Other Operations*), Section 4.13 (*Brokers*), Section 5.1 (*Organization and Authorization of Purchaser and Purchaser Parties*), and Section 5.6 (*Brokers*).

"Governing Documents" means, with respect to any Person (other than an individual), (i) the certificate or articles of incorporation, formation or organization and any joint venture, limited liability company, operating or partnership agreement, memorandum and articles of association, and other similar documents adopted or filed in connection with the creation, formation or organization of any such Person and (ii) all bylaws, voting agreements, stockholder agreements, investor rights agreements and similar documents, instruments or agreements relating, in each case, to the organization or governance of such Person, or the transfer of securities of such Person, in each case, as amended, restated, supplemented or otherwise modified.

"Governmental Authority" means any (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature, or any political subdivision thereof, (b) federal, state, provincial, local, municipal, ex-U.S., international, or other government, or (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, organization, regulatory body, or other entity and any court, arbitrator, or other tribunal).

"Guaranty" means that certain Purchaser Guaranty in the form attached to the A&R KFC/TB MLA, guaranteeing the obligations of YCCL under the A&R KFC/TB MLA.

"Indebtedness" means, with respect to any Person, without duplication: (a) all indebtedness for borrowed money of such Person; (b) all obligations of such Person evidenced by notes, bonds, debentures or similar instruments; (c) all obligations of such Person under capital leases; (d) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business); (e) all obligations of such Person in respect of interest rate or currency swap, cap, floor, collar or similar hedging transactions; (f) all guarantees by such Person of any of the foregoing obligations of any other Person; and (g) all accrued and unpaid interest, premiums, penalties, breakage costs, make-whole amounts, and other similar costs, fees and expenses payable in respect of any of the foregoing.

"Intellectual Property" means all intellectual property rights as they exist in any jurisdiction throughout the world, whether registered or unregistered, or published or unpublished, including the following: (a) patents, patent applications and similar rights, including all provisionals, reissues, divisionals, continuations, continuations-in-part, substitutions, reexaminations and extensions and counterparts thereof; (b) trademarks, service marks, service names, trade dress, corporate names, logos, slogans and other source or business identifiers, including all registrations and applications thereto and any renewals and extensions of any of the foregoing, together with all of the goodwill associated with each of the foregoing (collectively, "Trademarks"); (c) copyrightable works and copyrights and all moral rights, including all registrations and applications thereto and any reversions, renewals and extensions thereof (collectively, "Copyrights"); (d) trade secrets, proprietary information and know-how, including all inventions, methods, processes, designs, concepts, show-how, studies, plans, reports, analyses, compilations, strategies, programs, software, source code, documentation, algorithms, models, formulae, reports, data, and technology; (e) internet domain names and social media accounts and handles; and (f) Software and database rights.

"Intended Tax Treatment" has the meaning set forth in Section 7.1(i)(iv).

"Intercompany Agreements" means any Contract between or among any Acquired Company, on the one hand, and Seller or any of its Affiliates (other than the Acquired Companies), on the other hand.

"Interests" has the meaning set forth in the preliminary statements to this Agreement.

"IP Confirmation and Assignment Agreement" means that certain IP Confirmation and Sale and Assignment Agreement, in the form attached hereto as Exhibit C.

"Law" means any law, rule, statute, ordinance, code, regulation, judgment, order, decree, or other pronouncement having the effect of law of any Governmental Authority.

"Law Firm" has the meaning set forth in Section 11.16.

"Liability" means any debt, liability, commitment, or obligation of any nature, whether pecuniary or not, asserted or unasserted, accrued or unaccrued, absolute or contingent, matured or unmatured, liquidated or unliquidated, determined or determinable, incurred or consequential, known or unknown, and whether due or to become due, including those arising under any Contract, Law, or Order and including any guaranties of any other Person's commitments or obligations.

"Lien" means, with respect to any specific asset, any lien, security interest, charge, deed of trust, encumbrance, mortgage, pledge, option, license, right of first refusal or hypothecation, in each case, whether voluntarily incurred or arising by operation of Law.

"Maltese Rate Reduction" shall mean the reduction in the effective corporate income Tax rate of the Acquired Companies under the income Tax Law of Malta below the statutory rate of thirty-five percent (35%), regardless of how effectuated (including through a refund payable to a shareholder of an Acquired Company upon a distribution of a dividend by such Acquired Company).

“Material Contracts” has the meaning set forth in Section 4.8(a).

“Non-Recourse Party” means, with respect to a Party, any of such Party’s former, current and future equityholders, controlling Persons, directors, officers, employees, agents, representatives, Affiliates, members, managers, general or limited partners, or assignees (or any former, current or future equityholder, controlling Person, director, officer, employee, agent, representative, Affiliate, member, manager, general or limited partner, or assignee of any of the foregoing).

“Order” means any order, judgment, decree, injunction, stipulation, settlement, decision, or consent order issued or entered by or with any Governmental Authority, whether preliminary, interlocutory or final.

“Outside Date” has the meaning set forth in Section 9.1(b).

“Party” and “Parties” have the meanings set forth in the preamble to this Agreement.

“Permitted Liens” means: (a) Liens for or in respect of Taxes or other governmental charges that are not yet due and payable or that are being contested in good faith by appropriate proceedings; (b) with respect to the Interests, restrictions on transfer imposed under applicable securities Laws; (c) Liens that will be terminated at or prior to the Closing (including under the Credit Agreement); (d) the Pizza Hut MLA and any other franchises, licenses, sublicenses and other rights to Intellectual Property or other Liens granted or created by Purchaser or its Subsidiaries or by the operation of the Pizza Hut PRC Business by Purchaser or its Subsidiaries or its or their licenses or sublicenses or granted by an Acquired Company to another Acquired Company; (e) Liens granted to any lender at the Closing pursuant to any financing by Purchaser or its Subsidiaries of the transaction contemplated hereby; and (f) excluding Liens on Intellectual Property, Liens on any particular asset that are not material to the value or ability to use such asset.

“Person” means any individual, corporation, limited liability company, partnership, joint venture, trust, Governmental Authority, unincorporated organization, or other legal entity.

“PHILLC” means Pizza Hut International, LLC, a Delaware limited liability company.

“PHLLC” means Pizza Hut, LLC, a Delaware limited liability company.

“Pizza Hut Brand” means the brand and business names currently known as “Pizza Hut” and “必胜客” (Bì Shèng Kè) including its icon, the “Red Roof” and its sub-brands and sub-concepts “必胜客Pizzeria/Pizza Hut Pizzeria”, “必胜客WOW/Pizza Hut Wow”, “必胜X’press/Pizza Hut X’press”, “必胜宅急送/Pizza Hut Delivery”, “英集荟/Les Elites by Pizza Hut”, “必胜优选/BI SHENG YOU XUAN”, “必胜饼行/BI SHENG BING HANG”, “至尊宅/Zhi Zun Zhai”, “必胜汉堡/V-Burger”, and “必胜炙烤串/V-Grill”.

“Pizza Hut Global Business” means the business of the development, ownership, operation, promotion, support, franchising and licensing of restaurants identified by the brand Pizza Hut (including its icon the Red Roof) or any sub-brand thereof anywhere in the world, including the Pizza Hut PRC Business.

"Pizza Hut MLA" means that certain Master License Agreement, effective as of October 31, 2016, as amended, between Cherry Glade (as assignee of YRICF with respect to the Pizza Hut concept) and YCCL.

"Pizza Hut PRC Business" means the business of the development, ownership, operation, promotion, support, franchising and licensing of Restaurants identified by the Pizza Hut Brand in the PRC.

"Pizza Hut PRC License Agreement" means that certain Pizza Hut PRC License Agreement, in the form attached hereto as Exhibit D.

"PRC" means The People's Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

"Pre-Closing Tax Period" means any taxable period (or portion thereof) ending on or before the Closing Date.

"Pre-Closing Tax Refund" has the meaning set forth in Section 7.1(g).

"Predecessor Company" has the meaning set forth in Section 7.5(b)(vii).

"Proceeding" means a suit, action, arbitration, or proceeding, at law or in equity, by or before a Governmental Authority.

"Purchase Price" has the meaning set forth in Section 3.1.

"Purchaser" has the meaning set forth in the preamble to this Agreement.

"Purchaser's Knowledge" means the actual knowledge, after reasonable inquiry of direct reports with responsibility for the matters in question, if any, of the following individual: Pingping Liu.

"Purchaser Parties" means each Affiliate of Purchaser that is to be a party to a Related Agreement.

"R&W Insurance Policy" means any representations and warranties insurance policy obtained by Purchaser in connection with the transactions contemplated by this Agreement.

"Registered IP" means all (a) patent registrations and applications therefor, (b) Trademark registrations and applications therefor, (c) Copyright registrations and applications therefor and (d) domain name registrations, in each case of (a) through (d) that are registered, issued or subject to an application for registration or issuance before any Governmental Authority or internet domain name registrar.

"Related Agreement" means any Contract that is to be entered into at the Closing or otherwise pursuant to this Agreement on or prior to the Closing Date, including the A&R KFC/TB MLA, the Guaranty, the Co-Existence Agreement, the IP Confirmation and Assignment Agreement, and the Pizza Hut PRC License Agreement. The Related Agreements executed by a specified Person shall be referred to as "such Person's Related Agreements," "its Related Agreements," or other similar expression.

"Released Parties" has the meaning set forth in Section 7.4.

"Releasing Parties" has the meaning set forth in Section 7.4.

"Representatives" means with respect to any Person, such Person's Affiliates and its and their respective directors, officers, managers, employees, agents, representatives, insurance providers, and advisors.

"Restaurant" means each of the retail restaurant facilities that is primarily identified by the Pizza Hut Brand and that conducts the offer and sale of products and services through dine-in, carry-out, catering, delivery, kiosk, on-line methods of distribution (including digital stores on e-commerce platforms), and centralized kitchens/commissaries, including the offer of premiums, and all other related promotional activities (but does not include the sale of any products for resale).

"ROW Closing" has the meaning set forth in Section 7.9.

"ROW Group Companies" has the meaning set forth in the Co-Existence Agreement.

"ROW Purchase Agreement" means the purchase agreement governing the consummation of the ROW Closing.

"ROW Purchaser" means the party designated as "Purchaser" under the ROW Purchase Agreement.

"Sanctioned Person" means, at any time, (a) any Person listed in any sanctions-related list of designated Persons maintained by the U.S. government, including the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the U.S. Department of Commerce, or by the United Nations Security Council, His Majesty's Treasury or any other relevant sanctions authority, (b) any Person incorporated or operating in a country, region or territory which is or whose government is the subject or target of country-wide sanctions (as of the date hereof, the Crimea region of Ukraine, Cuba, Iran, North Korea, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic), or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b) (including, without limitation for purposes of defining a Sanctioned Person, as ownership and control may be defined and/or established in and/or by any applicable Laws, rules, regulations, or orders).

"Section 338(g) Election" has the meaning set forth in Section 7.1(i)(i).

"Section 338(g) Election Forms" has the meaning set forth in Section 7.1(i)(ii).

"Securities Act" means the Securities Act of 1933.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Affiliated Group" means any affiliated, consolidated, combined, unitary or similar group of which any Acquired Company is or was a member together with Seller or any Affiliate thereof (other than any Acquired Company) on or prior to the Closing Date for Tax purposes.

"Seller Parties" means Seller, YIFC, and each Affiliate of Seller that is to be a party to a Related Agreement (other than the Acquired Companies).

"Seller's Knowledge" means the actual knowledge, after reasonable inquiry of direct reports with responsibility for the matters in question, if any, of the following individuals: Larisa Colton, Amelia John, Steven Liu, and, solely with respect to Section 4.10, Erika Burkhardt.

"Software" means: (a) computer programs, including software implementation of algorithms, models and methodologies, whether in source-code, object-code, or human readable or other form, including firmware, operating systems, and specifications; (b) database software that is accessed using computer programs; (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons, and icons; and (d) documentation, including programmer notes, user manuals, and training materials, relating to such computer programs.

"Straddle Period" means a taxable period beginning on or before the Closing Date and ending after the Closing Date.

"Subsidiary" means, with respect to any Person, any Person of which a majority of the total voting securities entitled to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one (1) or more of the other Subsidiaries of such Person or a combination thereof, or any partnership, limited liability company, corporation, association or other business entity of which a majority of the partnership, limited liability company, corporation or other similar ownership interest is at the time owned or controlled, directly or indirectly, by such Person or one (1) or more Subsidiaries of such Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited liability company, corporation, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, association or other business entity or is or controls the managing director, member or general partner of such partnership, limited liability company, association or other business entity.

"Surviving Intercompany Agreements" means those Intercompany Agreements set forth on Schedule 4.8(b).

"Tax" means (a) any United States, federal, state, local or non-U.S. income, gross receipts, capital stock, franchise, profits, withholding, social security, value added or ad valorem, net worth, payroll, employment or unemployment, disability, real property, personal property, unclaimed property or escheat, stamp, excise, documentary, occupation, sales, use, transfer, alternative minimum, estimated or other similar tax, tariff, or duty including any interest, penalty or addition thereto and (b) any liability for the payment of amounts determined by reference to amounts described in clause (a) as a result of being or having been a member of any group of corporations that files, will file, or has filed Tax Returns on a combined, consolidated, unitary or similar basis, as a result of any obligation under any agreement or arrangement (including any Tax sharing arrangement), as a result of being a transferee or successor, or by contract or otherwise.

"Tax Return" means any return, claims for refund, report, information return or other document (including schedules or any related or supporting information) filed or required to be filed with any Governmental Authority in connection with the determination, assessment or collection of any Tax or the administration of any Laws relating to any Tax.

"Trademark Assignment Agreement" means that certain Trademark Sale and Assignment Agreement, effective as of February 5, 2026, by and between PHILLC, as assignor thereunder, and the Company, as assignee thereunder.

"Transaction Privileged Materials" has the meaning set forth in Section 11.16.

"Transaction Privileges" has the meaning set forth in Section 11.16.

"Transfer Taxes" means all transfer, documentary, direct or indirect real property, intangible, stamp, filing, registration and other similar taxes imposed on or arising from the transfer of the Interests and all conveyance fees, recording fees and other similar charges directly related to such transfer (all including penalties, interest and other charges with respect thereto).

"Walnut Glade" means Walnut Glade Management Ltd., a Malta limited liability company bearing company registration number C 113954.

"Willful Breach" means a material breach of a representation, warranty, covenant or agreement set forth in this Agreement by a Party that was the consequence of an act or omission by such Party with the actual knowledge that the taking of such act or failure to take such act would constitute or result in a material breach of this Agreement.

"Wrong Pockets Asset" has the meaning set forth in Section 11.9(b).

"YCCL" means Yum Restaurants Consulting (Shanghai) Company Limited.

"YIFC" has the meaning set forth in the preliminary statements to this Agreement.

Section 1.2 Other Definitional Provisions and Interpretation; Schedules. The headings preceding the text of Articles and Sections included in this Agreement and the headings to Exhibits and Schedules attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine, or neuter gender or the singular or plural form of words in this Agreement shall not limit any provision of this Agreement. The meaning assigned to each term defined in this Agreement shall be equally applicable to both the singular and the plural forms of such term. The use of "including" or "include" will in all cases mean "including, without limitation" or "include, without limitation," respectively. The use of "or" is not intended to be exclusive unless expressly indicated otherwise. Reference to any Person includes such Person's successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable Contract, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually. Reference to any Contract (including this Agreement), document, or instrument shall mean such

Contract, document, or instrument as amended, modified, or supplemented (including by waiver or consent) and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of this Agreement. Reference to any statute means such statute as amended from time to time and includes any successor legislation thereto, any regulations promulgated thereunder, and references to all attachments thereto and instruments incorporated therein. Reference to any jurisdiction in this Agreement, for the purpose of this Agreement only, shall be defined as geographically constituted as of June 16, 2026. Underlined references to Articles, Sections, clauses, Exhibits or Schedules shall refer to those portions of this Agreement. The use of the terms "hereunder," "hereof," "hereto," and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph, or clause of, or Exhibit or Schedule to, this Agreement. All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant to this Agreement, unless otherwise defined in such certificate or other document. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day. Any document, list, or other item shall be deemed to have been "provided" to Purchaser for all purposes of this Agreement only if a correct and complete copy of such document, list, or other item was posted in the Data Room at least two (2) Business Days prior to the date of this Agreement. Any information disclosed in any Schedule shall be deemed to be disclosed for purposes of any other Schedule or representation or warranty to which such disclosure is relevant, but only to the extent that (a) such information is explicitly cross-referenced in another Schedule or (b) it is readily apparent on the face of such disclosure (without reference to any document referred to therein) that such disclosure is relevant to such other Schedule or representation or warranty.

ARTICLE II
SALE AND PURCHASE OF THE INTERESTS; CLOSING

Section 2.1 Sale and Purchase of the Interests. On the terms and subject to the conditions contained in this Agreement, at the Closing, Seller shall cause YIFC to sell, assign, transfer and deliver to Purchaser, and Purchaser shall purchase from YIFC, the Interests and all of YIFC's right, title, and interest in and to the Interests, in each case, free and clear of any Liens, other than restrictions on transfer imposed under applicable securities Laws, in exchange for the payment by Purchaser of the Purchase Price.

Section 2.2 Closing. The consummation of the purchase and sale of the Interests (the "Closing") shall take place by electronic exchange of documents and signatures on the date that is two (2) Business Days after the date on which each of the conditions set forth in ARTICLE VIII has been satisfied or, if permitted, waived by the Party entitled to the benefits of such condition (other than any conditions that by their nature can only be satisfied on the Closing Date, but subject to the satisfaction of such conditions on the Closing Date or waiver by the Party entitled to the benefits of such conditions), or at such other place and at such other time as Purchaser and Seller may agree; provided, however, that in no event shall Closing occur prior to the earlier of (a) August 17, 2026 and (b) the date specified by Purchaser in written notice to Seller provided that Purchaser's notice is delivered at least five (5) Business Days prior to such specified date and provided, that as of the date of such notice and as of such specified date, each of the conditions set forth in ARTICLE VIII has been satisfied or, if permitted, waived by the Party entitled to the benefits of such condition (other than any conditions that by their nature can only be satisfied on the Closing Date, but subject to the satisfaction of such conditions on the Closing Date or waiver by the Party entitled to the benefits of such conditions). The date on which the Closing occurs is referred to in this Agreement as the "Closing Date."

Section 2.3 Payments by Purchaser. At the Closing, Purchaser shall pay Seller (or its designated Affiliate) the Purchase Price by wire transfer of immediately available funds to the account Seller designates in writing to Purchaser at least three (3) Business Days prior to the Closing Date.

Section 2.4 Deliveries by Purchaser. At or prior to the Closing, Purchaser shall deliver, or cause to be delivered, to Seller each of the following:

(a) the (i) A&R KFC/TB MLA, executed by YCCL, and (ii) Guaranty, executed by Purchaser and YCCL;

(b) the Co-Existence Agreement, executed by YCCL;

(c) each other Related Agreement, executed by the applicable Purchaser Parties; and

(d) a certificate, dated as of the Closing Date and executed by an officer of Purchaser, certifying as to the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b).

Section 2.5 Deliveries by Seller. At or prior to the Closing, Seller shall deliver, or cause to be delivered, to Purchaser each of the following:

(a) the (i) A&R KFC/TB MLA, executed by YRICF, and (ii) Guaranty, executed by YRICF;

(b) the Co-Existence Agreement, executed by PHILLC, PHLLC, and the Company;

(c) the Pizza Hut PRC License Agreement, executed by PHILLC, PHLLC, and the Company;

(d) the IP Confirmation and Assignment Agreement, executed by PHILLC, PHLLC, the Company, and Cherry Glade;

(e) each other Related Agreement, executed by the applicable Seller Parties;

(f) a certificate of good standing of each of the Acquired Companies, issued as of a date not more than ten (10) Business Days prior to the Closing Date by the Secretary of State or corresponding Governmental Authority of each Acquired Company's respective jurisdiction of formation or organization;

(g) a duly completed and executed IRS Form W-9 for YIFC;

(h) documentation, in form and substance reasonably satisfactory to Purchaser, evidencing the termination of the Intercompany Agreements set forth on Schedule 2.5(h);

(i) instruments of transfer, in form and substance reasonably satisfactory to Purchaser, evidencing the transfer of the Interests to Purchaser;

(j) resignation letters, effective as of the Closing, of each officer and member of the board of directors (or equivalent governing body) of the Company and each other Acquired Company, in each case, as reasonably requested by Purchaser prior to the Closing Date;

(k) evidence, in form and substance reasonably satisfactory to Purchaser, of the termination of any existing power of attorney (including with respect to Tax), delegated signing authority, Tax representative designation, or other similar authorization with respect to any Acquired Company;

(l) evidence, in form and substance reasonably satisfactory to Purchaser, that all guarantees given by any Acquired Company have been released and all Indebtedness of the Acquired Companies has been repaid in full;

(m) evidence, in form and substance reasonably satisfactory to Purchaser, of the release, termination and discharge of all Liens on the Interests (other than restrictions on transfer imposed under applicable securities Laws) and all Liens (other than Permitted Liens) on the properties and assets of the Acquired Companies, including all necessary UCC-3 termination statements, mortgage releases and other release documentation;

(n) evidence, in form and substance reasonably satisfactory to Purchaser, of the payment or settlement of all amounts required to be paid pursuant to Section 6.5; and

(o) a certificate, dated as of the Closing Date and executed by an officer of Seller, certifying as to the satisfaction of the conditions set forth in Section 8.2(a), Section 8.2(b), and Section 8.2(c).

ARTICLE III
PURCHASE PRICE

Section 3.1 Purchase Price. The purchase price for the Interests (the "Purchase Price") shall be an amount equal to $1,200,000,000 (One Billion Two Hundred Million Dollars).

Section 3.2 Withholding. Purchaser shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement such amounts as Purchaser is required to deduct and withhold with respect to the making of such payment under the Code or any other applicable provision of Law. Notwithstanding the foregoing, Purchaser shall not withhold from any payment under U.S. Tax Law if Seller delivers a duly completed and executed IRS Form W-9 for YIFC. Purchaser shall provide Seller with reasonable notice at least ten (10) Business Days prior to withholding any amounts pursuant to this Section 3.2, and shall cooperate in good faith with Seller to minimize or eliminate any such withheld amounts; *provided* that such notice shall not be required to the extent that such withholding is a result of Seller's failure to provide an IRS Form W-9 for YIFC. To the extent that amounts are so withheld and are timely paid over to the applicable Tax authority in accordance with applicable Law, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as follows:

Section 4.1 Organization and Authorization of Seller and Seller Parties.

(a) Seller is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Seller has all requisite corporate power and authority to execute, deliver, and perform this Agreement and its Related Agreements and to consummate the transactions contemplated by this Agreement and its Related Agreements, including to cause YIFC to sell, assign, transfer and deliver the Interests to Purchaser as contemplated by this Agreement. Except as set forth on Schedule 4.1, no consent, approval or waiver of any Person (other than any consent that has been obtained or waived on or prior to the date hereof) is required under the Governing Documents of Seller or any of its applicable Subsidiaries, including YIFC, in connection with the sale, assignment, transfer and delivery of the Interests by YIFC to Purchaser. The execution, delivery, and performance by Seller of this Agreement and its Related Agreements and the consummation by Seller of the transactions contemplated by this Agreement and its Related Agreements have been validly authorized by all necessary corporate action by Seller. Seller has validly executed and delivered this Agreement and, at or prior to the Closing, Seller will have validly executed and delivered each of its Related Agreements. This Agreement constitutes, and upon its execution and delivery by Seller each Related Agreement to which Seller is a party will constitute (assuming the due authorization, execution, and delivery by the other parties thereto), the legal, valid, and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, subject to the Enforceability Limitations.

(b) Each Seller Party is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Except as set forth on Schedule 4.1, each Seller Party has all requisite corporate or other organizational power, as applicable, and authority to execute, deliver, and perform its Related Agreements and to consummate the transactions contemplated by its Related Agreements. The execution, delivery, and performance by each Seller Party of its Related Agreements and the consummation by such Seller Party of the transactions contemplated by its Related Agreements has been or at or prior to Closing will have been validly authorized by all necessary corporate or other organizational action, as applicable, by such Seller Party. At or prior to the Closing, each Seller Party will have validly executed and delivered each of its Related Agreements. Each Related Agreement upon its execution by each applicable Seller Party will constitute (assuming the due authorization, execution, and delivery by the other parties thereto), the legal, valid, and binding obligation of the applicable Seller Party, enforceable against such Seller Party in accordance with its terms, subject to the Enforceability Limitations.

Section 4.2 Ownership of the Interests. YIFC legally and beneficially owns the Interests free and clear of any and all Liens, other than restrictions on transfer imposed under applicable securities Laws. Except as set forth on Schedule 4.2, YIFC has the authority to sell, assign, transfer and deliver the Interests and, upon the purchase and sale of the Interests in accordance with this Agreement, Purchaser will acquire legal and beneficial ownership of the Interests, free and clear of all Liens (other than restrictions on transfer imposed under applicable securities Laws) and Liens created by Purchaser or its Subsidiaries. There are no Liens (other than restrictions on transfer imposed under applicable securities Laws) on any direct or indirect Equity Interests in YIFC or in any Subsidiary between Seller and YIFC. There are no outstanding options, warrants, calls, rights of first refusal, conversion rights or other similar rights or commitments relating to the Equity Interests of YIFC or any such Subsidiary, obligating Seller or any of its Affiliates (including the Acquired Companies) to issue, sell, transfer or otherwise dispose of, or to grant any right with respect to, any Equity Interests in YIFC or any such Subsidiary (other than to Purchaser pursuant to this Agreement).

Section 4.3 No Violation; Governmental Consents.

(a) Assuming that all Consents and other actions described in clause (b) have been obtained or taken, and except as may result from any facts or circumstances relating to the identity of Purchaser or any of its Affiliates, neither Seller nor any of the Seller Parties is subject to or obligated under (i) its respective Governing Documents, (ii) any applicable Law, (iii) any material agreement or instrument, or any license, franchise or permit, including for the avoidance of doubt, Material Contracts, or (iv) any order, writ, injunction or decree, which, in each case, would be breached or violated by Seller's or any Seller Party's execution, delivery or performance of this Agreement or any Related Agreement to which Seller or any Seller Party is a party, or would result in the creation of any Lien (other than Permitted Liens) on any of the assets of the Acquired Companies, except, in the case of clauses (ii) through (iv) where such breach, violation or creation of any Lien would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Seller to consummate the transactions contemplated by this Agreement or be material to the Acquired Companies.

(b) Except as may result from any facts or circumstances relating to the identity of Purchaser or any of its Affiliates, none of the execution, delivery or performance by Seller or any Seller Party of this Agreement or the Related Agreements to which Seller or any such Seller Party is a party or the consummation of the transactions contemplated hereby or thereby will require any material notice, report or other filing with, or any material Consent of or with, any Governmental Authority by Seller or any such Seller Party.

Section 4.4 Organization and Corporate Power.

(a) The Company is a limited liability company duly formed and organized, validly existing and in good standing under the Laws of the State of Delaware. Each other Acquired Company is a corporation, limited liability company or other business entity, as the case may be, duly organized, validly existing and in good standing (if applicable) under the Laws of its respective jurisdiction of formation, incorporation or organization (as applicable). Seller has made available to Purchaser true, correct and complete copies of all the Governing Documents of each Acquired Company as in effect as of the date of this Agreement.

(b) Each Acquired Company has the requisite corporate, limited liability company or other applicable power and authority to own, lease, license, sublicense and operate its assets and properties in all material respects.

Section 4.5 Interests; Subsidiaries.

(a) The Interests constitute all of the issued and outstanding Equity Interests of the Company. All of the Interests are duly authorized and validly issued and, to the extent applicable, fully paid and non-assessable. The Interests were not issued in violation of any applicable securities Laws or any preemptive rights or any Contract to which Seller or any of its Affiliates (including the Acquired Companies) is a party or by which it is bound. There are no outstanding (i) Equity Interests of the Company, (ii) Equity Interests of the Company convertible into or exchangeable for Equity Interests of the Company, (iii) options or other rights to acquire from the Company, or obligations of the Company to issue, any Equity Interests or securities convertible into or exchangeable for Equity Interests of the Company, (iv) equity appreciation, phantom equity, profit participation or similar rights with respect to the Company, or (v) obligations of the Company to repurchase, redeem or otherwise acquire any of its Equity Interests.

(b) Except as set forth on Schedule 4.5(b)(i), no Acquired Company directly or indirectly owns any interest or investment (whether equity or debt) in, or any interest convertible into or exchangeable or exercisable for, at any time, any equity or similar interest in, any Person. Schedule 4.5(b)(i) sets forth, as of the date hereof, the name, owner, jurisdiction of formation or organization (as applicable) and percentages of outstanding Equity Interests owned, directly or indirectly, by each Acquired Company, and the Acquired Companies do not have any Subsidiaries other than those set forth thereon. Except as set forth in its Governing Documents, or as set forth in Schedule 4.5(b)(ii), all outstanding Equity Interests of each Subsidiary of the Company (except to the extent such concepts are not applicable under the applicable Law of such entity's jurisdiction of formation or other applicable Law) have been duly authorized and validly issued, are free and clear of any preemptive rights (except to the extent provided by applicable Law and other than such rights as may be held by any Acquired Company), restrictions on transfer (other than restrictions on transfer imposed under applicable securities Laws), or Liens (other than restrictions on transfer imposed under applicable securities Laws) and are owned, beneficially and of record, by the Acquired Companies. The Equity Interests of each Subsidiary of the Company were not issued in violation of any applicable securities Laws or any preemptive rights or any Contract to which Seller or any of its Affiliates (including the Acquired Companies) is a party or by which it is bound. Except as set forth in the Governing Documents of any Subsidiary of the Company, there are no other outstanding (A) Equity Interests of any such Subsidiary, (B) securities of any such Subsidiary convertible into or exchangeable for, at any time, Equity Interests of any such Subsidiary, (C) options or other rights to acquire from any such Subsidiary, and no obligation of any such Subsidiary to issue, any Equity Interests or securities convertible into or exchangeable for Equity Interests of any such Subsidiary, (D) equity appreciation, phantom equity, profit participation or similar rights with respect to any such Subsidiary, or (E) obligations of any such Subsidiary to repurchase, redeem or otherwise acquire any of its Equity Interests. Except as set forth on Schedule 4.5(b)(iii) and in the Governing Documents of the Company's Subsidiaries, there are no Contracts to which any Acquired Company is a party relating to any of the foregoing.

(c) Seller has provided to Purchaser true, correct and complete copies of all instruments of contribution, assumption, assignment and similar agreements or instruments pursuant to which any Acquired Company has (i) acquired from Seller or any of its Affiliates any assets or (ii) (A) assumed from Seller or any of its Affiliates any Liabilities or (B) other than those Liabilities set forth on Schedule 4.6, become responsible for any Liabilities of Seller or any of its Affiliates.

Section 4.6 No Undisclosed Liabilities. The Acquired Companies do not have any material Liabilities, except Liabilities set forth on Schedule 4.6.

Section 4.7 Intellectual Property.

(a) Schedule 4.7(a) sets forth a correct and complete list of the Company Owned IP that is Registered IP, including the application and registration or grant number (if applicable), the issue, registration or filing date (if applicable), record owner (and beneficial owner if different), status and relevant jurisdiction ("Company Registered IP"). Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, all of the Company Registered IP is subsisting and valid and enforceable (to the extent the registration has been issued), and all pending applications included therein are pending and in good standing. Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, the Company Registered IP have not expired, lapsed, been cancelled or been abandoned, except for any such expiration, lapse, cancellation or abandonment that occurred in the ordinary course of business. Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, all registration, maintenance and renewal fees required to be paid in connection with the Company Registered IP have been paid and all necessary documents and certificates in connection with the foregoing have been filed with the relevant Governmental Authorities and authorized registrars for the purposes of registering, prosecuting and maintaining the foregoing.

(b) There are no material actions that must be taken in connection with the maintenance of any issued registration or the prosecution of any pending application included in the Company Registered IP within ninety (90) days after the Closing Date, including the payment of any registration, maintenance or renewal fees or the filing of any documents with the appropriate Governmental Authority.

(c) The Company solely and exclusively owns all right, title and interest in and to all Company Registered IP identified in the Consent of Assignment, together with the goodwill associated therewith, in each case free and clear of all Liens (other than Permitted Liens). After giving effect to the IP Confirmation and Assignment Agreement, the Company solely and exclusively owns all right, title and interest in and to each item of Company Owned IP, in each case free and clear of all Liens (other than Permitted Liens). The Company Registered IP included in the Company Owned IP includes all Registered IP that is owned or filed by, or on behalf of, Seller or any of its Affiliates in the PRC for the Pizza Hut Brand. Other than (i) the Company

Registered IP and (ii) any Intellectual Property contributed pursuant to the IP Confirmation and Assignment Agreement (as to which neither Seller nor any of its Affiliates makes any representation or warranty except as set forth in this Agreement), none of the Acquired Companies own any Intellectual Property.

(d) Except as set forth on Schedule 4.7(d), there is no Company Licensed IP.

(e) Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, or as set forth on Schedule 4.7(e), in the past three years, no Proceeding has been filed against Seller or any of its Affiliates (including the Acquired Companies), and neither Seller nor any of its Affiliates (including the Acquired Companies) has received any written notice, or to Seller's Knowledge, any threats from any other Person: (i) challenging the validity, enforceability or scope of any Company Registered IP (other than those communications from a Governmental Authority associated with ordinary course examination and approval of pending applications); (ii) alleging that the ownership or licensing of any of the Company Registered IP infringes, misappropriates, dilutes, or otherwise violates the Intellectual Property rights of such Person; or (iii) alleging that any Acquired Company or the conduct of the Pizza Hut PRC Business infringes, misappropriates, dilutes, or otherwise violates the Intellectual Property rights of such Person. No Acquired Company is infringing, misappropriating, diluting, or otherwise violating the Intellectual Property rights of any other Person. Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, neither Seller nor any of its Affiliates (including the Acquired Companies) is subject to any outstanding Order that restricts or impairs the use of any Company Intellectual Property in connection with the Pizza Hut PRC Business.

(f) Except as set forth on Schedule 4.7(f), in the past three (3) years, neither Seller nor any of its Affiliates (including the Acquired Companies) has filed any Proceeding or sent any written notice of any infringement, misappropriation, dilution or other violation by another Person of any Company Owned IP. To Seller's Knowledge, no Person is infringing, misappropriating, diluting or otherwise violating any material Company Owned IP.

(g) To the extent any trade secrets or other material confidential information have been shared with Seller or any of its Affiliates by Purchaser or any of its Affiliates in connection with the Pizza Hut PRC Business, Seller and its Affiliates (including the Acquired Companies) have taken commercially reasonable steps to protect, maintain and preserve the confidentiality of such trade secrets and other material confidential information. To Seller's Knowledge, there has been no unauthorized disclosure of, or breach of any contractual obligation to protect, such trade secrets or other material confidential information.

(h) Except as would not, individually or in the aggregate, reasonably be expected to be material to the value or ownership of, or ability of the Acquired Companies or Purchaser or its Affiliates to use, the Company Intellectual Property, no Acquired Company will be required to grant any rights with respect to any Company Intellectual Property or make a payment of any consideration as a result of the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby or thereby.

Section 4.8 Material Contracts.

(a) Schedule 4.8(a) sets forth a correct and complete list of all of the material Contracts to which any Acquired Company is a party or by which such Acquired Company or any of its properties or assets is bound as of the date hereof, other than the Intercompany Agreements to be terminated at or prior to Closing. Seller has provided to Purchaser a correct copy of each Contract set forth or required to be set forth on Schedule 4.8(a) (including all amendments, modifications, exhibits, and schedules) (collectively, the "Material Contracts"). Except as would not, individually or in the aggregate, reasonably be expected to be material to the applicable Acquired Company, each Material Contract is in full force and effect and constitutes a legal, valid, and binding obligation of any Acquired Company and, to Seller's Knowledge, the other party or parties thereto, enforceable against any Acquired Company and such other party or parties in accordance with its terms, subject to the Enforceability Limitations. Each Acquired Company has performed or complied with in all material respects all of its covenants and obligations under each Material Contract, and neither the Company nor, to Seller's Knowledge, any other party to a Material Contract is in, or is alleged to be in, material breach of or default under such Material Contract.

(b) Except as set forth on Schedule 4.8(b), Schedule 2.5(h) sets forth a true, correct and complete list of all Intercompany Agreements, each of which has been made available to Purchaser as of the date hereof.

Section 4.9 Taxes.

(a) All material Tax Returns required to be filed by or on behalf of each Acquired Company have been duly and timely filed and are complete and correct in all material respects. All material Taxes required to be paid by or on behalf of each Acquired Company have been duly and timely paid, other than those Taxes being contested in good faith through appropriate proceedings. All such Tax Returns are complete and accurate and disclose all material Taxes required to be paid by or with respect to any Acquired Company for the periods covered thereby.

(b) All material Taxes required to be withheld or collected by or on behalf of each Acquired Company have been timely withheld or collected, as applicable, and have been timely paid over to the appropriate taxing authorities or properly set aside in accounts for such purpose.

(c) No audit or examination of any Acquired Company is being conducted by a taxing authority and no Proceedings are pending with respect to any material Taxes of any Acquired Company. No written claim has been received since the Formation Date by any Acquired Company for any material deficiency, adjustment or issue with respect to Taxes.

(d) No extension or waiver of the statute of limitations is currently in effect in respect of material Taxes of any Acquired Company and no extension has been agreed to with respect to any material Tax assessment or deficiency of any Acquired Company.

(e) No claim has been made by a taxing authority in a jurisdiction where an Acquired Company does not file Tax Returns with respect to a particular type or category of Tax that such Acquired Company is required to file such Tax Returns or is or may be subject to taxation by that jurisdiction.

(f) No material Liens for Taxes (other than for Taxes not yet due and payable) exist with respect to any of the assets, properties or rights of any Acquired Company.

(g) No Acquired Company is a party to any Tax sharing, allocation, indemnity or similar agreement or arrangement pursuant to which it will have any obligation to make any payments after the Closing.

(h) No Acquired Company has requested or received a Tax ruling, administrative relief, technical advice, change of any method of accounting or other request pending that relates to the Taxes or Tax Returns of such Acquired Company from any taxing authority or signed a closing or other agreement with any taxing authority with regard to Taxes that would affect any taxable period after the Closing Date.

(i) None of the Acquired Companies has participated in any "listed transaction" within the meaning of Section 1.6011-4(c) of the Treasury Regulations.

(j) Since the Formation Date, none of the Acquired Companies has been a "distributing corporation" or a "controlled corporation" in a distribution intended to qualify under Section 355(a) of the Code.

(k) The Company is and will be eligible to make the Check-the-Box Election on the date such election becomes effective.

(l) To Seller's Knowledge, Purchaser and YIFC are not "related corporations" under Section 338(h)(3)(C)(iii) of the Code.

Notwithstanding anything to the contrary in this Agreement, the representations and warranties set forth in this Section 4.9 shall be considered the sole and exclusive representations and warranties in this Agreement with respect to Taxes and compliance (or non-compliance) with Tax-related Laws (including the Code). Nothing in this Section 4.9 (or otherwise in this Agreement) shall be construed as a representation or warranty with respect to (i) the amount or availability in a taxable period (or portion thereof) beginning after the Closing Date of any Tax attribute, asset, or benefit of any Acquired Company, or (ii) any Tax position that Purchaser or any of its Affiliates (including any Acquired Company after the Closing) may take in or in respect of a taxable period (or portion thereof) beginning after the Closing Date. Notwithstanding the preceding sentence, Purchaser preserves all rights under Section 7.1(h).

Section 4.10 Proceedings and Orders.

(a) There are, and since the Formation Date there have been, no material Proceedings pending or, to Seller's Knowledge, threatened against any Acquired Company and since January 1, 2023, there have been no material Proceedings pending, or to Seller's Knowledge, threatened related to any of the material assets or Liabilities of the Acquired Companies. There are, and since the Formation Date there have been, no material Proceedings by any Acquired Company pending against any other Person. No Acquired Company is or has been, since the

Formation Date, subject to any material Order, and since January 1, 2023, no material assets or Liabilities of the Acquired Companies have been subject to any material Order.

(b) There are no Proceedings pending or, to Seller's Knowledge, threatened by or against Seller or any of its Affiliates (including the Acquired Companies) with respect to this Agreement or the transactions contemplated by this Agreement (including the Related Agreements) or that, if determined adversely to Seller or such Affiliate, would reasonably be expected to prevent or delay in any material respect the consummation by Seller and the Seller Parties of the transactions contemplated by this Agreement or any of the Related Agreements.

Section 4.11 Compliance with Laws. The Acquired Companies and their operations are, and since the Formation Date, have been, in compliance in all material respects with all applicable Laws.

Section 4.12 No Other Operations. Each of the Acquired Companies was formed on the Formation Date. Except as set forth on Schedule 4.12 or as contemplated by any Material Contract or Related Agreement, each Acquired Company does not and has never: (a) owned or had any right to acquire any tangible property or any real property; (b) had any employees or independent contractors; (c) had any bank accounts; (d) directly held any insurance policies; (e) had any customers or suppliers (other than Purchaser and its Affiliates); (f) held any material licenses, franchises or permits; (g) been a party to any Contract that would, individually or in the aggregate, reasonably be expected to be material to any Acquired Company, other than (i) its Governing Documents, (ii) any Intercompany Agreement that either (A) will terminate as of the Closing without any Closing or post-Closing Liability to any Acquired Company or (B) will survive Closing and has been made available to Purchaser prior to the date of this Agreement, (iii) any Material Contracts or (iv) the instruments or Contracts described in Section 4.5(c); (h) had revenues other than from Purchaser and its Affiliates; (i) had creditors with respect to any material Liabilities; or (j) engaged in any activities or operations other than those incidental to the (x) formation of the Acquired Companies, or (y) ownership or licensing to Purchaser or its Subsidiaries of the Company Intellectual Property.

Section 4.13 Brokers. No broker, finder, or investment bank is entitled to any brokerage, finder's, or similar fee or commission in connection with the transactions contemplated by this Agreement or the Related Agreements based upon arrangements made by or on behalf of Seller or any of its Affiliates (including the Acquired Companies) other than those for which the Acquired Companies have no Liability.

Section 4.14 Sufficiency of Assets. Upon the consummation of the transactions contemplated by this Agreement and the Related Agreements, Purchaser, together with its Affiliates (including the Acquired Companies), will own or will have been granted a license to use in the Pizza Hut PRC Business all Intellectual Property of Seller or any of its Affiliates (including, for clarity, all Intellectual Property owned or purported to be owned by Seller or any of its Affiliates) as of the date of this Agreement and licensed by Cherry Glade to YCCL pursuant to the Pizza Hut MLA as of the date of this Agreement.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as follows:

Section 5.1 Organization and Authorization of Purchaser and Purchaser Parties.

(a) Purchaser is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Purchaser has all requisite corporate power and authority to execute, deliver, and perform this Agreement and its Related Agreements and to consummate the transactions contemplated by this Agreement and its Related Agreements. The execution, delivery, and performance by Purchaser of this Agreement and its Related Agreements and the consummation by Purchaser of the transactions contemplated by this Agreement and its Related Agreements have been validly authorized by all necessary corporate action by Purchaser. Purchaser has validly executed and delivered this Agreement and, at or prior to the Closing, Purchaser will have validly executed and delivered each of its Related Agreements. This Agreement constitutes, and upon its execution and delivery by Purchaser each Related Agreement to which Purchaser is a party will constitute (assuming the due authorization, execution, and delivery by the other parties thereto), the legal, valid, and binding obligation of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to the Enforceability Limitations.

(b) Each Purchaser Party is validly existing and in good standing under the Laws of its jurisdiction of incorporation. Each Purchaser Party has all requisite corporate or other organizational power, as applicable, and authority to execute, deliver, and perform its Related Agreements and to consummate the transactions contemplated by its Related Agreements. The execution, delivery, and performance by each Purchaser Party of its Related Agreements and the consummation by such Purchaser Party of the transactions contemplated by its Related Agreements has been or at or prior to Closing will have been validly authorized by all necessary corporate or other organizational action, as applicable, by such Purchaser Party. At or prior to the Closing, each Purchaser Party will have validly executed and delivered each of its Related Agreements. Each Related Agreement upon its execution and delivery by each applicable Purchaser Party will constitute (assuming the due authorization, execution, and delivery by the other parties thereto), the legal, valid, and binding obligation of the applicable Purchaser Party, enforceable against such Purchaser Party in accordance with its terms, subject to the Enforceability Limitations.

Section 5.2 No Violation; Governmental Consents; No Extra-Territorial Operations.

(a) Assuming that all Consents and other actions described in clause (b) have been obtained or taken, and except as may result from any facts or circumstances relating to the identity of Seller or its Affiliates, neither Purchaser nor any Purchaser Party is subject to or obligated under (i) its respective Governing Documents, (ii) any applicable Law, (iii) any material agreement or instrument, or any license, franchise or permit, or (iv) any order, writ, injunction or decree, which, in each case, would be breached or violated by Purchaser's or any Purchaser Party's execution, delivery or performance of this Agreement or any Related Agreement to which Purchaser or any Purchaser Party is a party, except in the case of clauses (ii) through (iv) where such breach or violation would not reasonably be expected to prevent or materially delay the ability of Purchaser to consummate the transactions contemplated by this Agreement.

(b) None of the execution, delivery or performance by Purchaser or any Purchaser Party of this Agreement or the Related Agreements to which Purchaser or any such Purchaser Party is a party or the consummation of the transactions contemplated hereby or thereby will require any material notice, report or other filing with, or any material Consent of or with, any Governmental Authority by Purchaser or any such Purchaser Party.

(c) Each of Purchaser and YCCL and each of their respective subsidiaries is not operating, licensing or franchising any restaurants that are identified by the "Pizza Hut" brand or marks or that utilize any Brand System IP (as defined in the Pizza Hut MLA), in each case, outside of the PRC.

Section 5.3 Proceedings and Orders. There are no Proceedings pending or, to Purchaser's Knowledge, threatened by or against Purchaser or any of its Affiliates with respect to this Agreement or the transactions contemplated by this Agreement (including the Related Agreements) or that, if determined adversely to Purchaser or such Affiliate, would reasonably be expected to prevent or delay in any material respect the consummation by Purchaser or any Purchaser Party of the transactions contemplated by this Agreement or any of the Related Agreements. Neither Purchaser nor any of its Affiliates is subject to any Order that would reasonably be expected to prevent or delay in any material respect the consummation by Purchaser or any Purchaser Party of the transactions contemplated by this Agreement or any of the Related Agreements.

Section 5.4 Availability of Funds.

(a) At the Closing, Purchaser will have sufficient funds available to it (including cash, available lines of credit or other sources of immediately available funds) to enable the timely payment of the Purchase Price and any other amounts required to be paid by it in connection with the purchase of the Interests and to timely pay all related fees and expenses payable by it, and there is no restriction on the use of such cash for such purposes. Purchaser has the financial resources and capabilities to fully perform all of its obligations under this Agreement.

(b) In no event shall the receipt or availability of any funds or financing by or to Purchaser or any of its Affiliates or any other financing transaction be a condition to any of the obligations of Purchaser hereunder.

Section 5.5 Securities Law Matters. Purchaser is acquiring the Interests solely for its own account for the purpose of investment and not with a view to, or for offer or sale in connection with, any public distribution or sale of the Interests or any interest in them in violation of the Securities Act or other applicable securities Law. Purchaser is an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. Purchaser (either alone or together with its advisors) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the economic risks of such investment, and Purchaser is capable of bearing the economic risks of such investment. Purchaser acknowledges that the Interests have not been registered under the Securities Act or the securities Laws of any other jurisdiction, and understands and agrees that it may not sell or dispose of any of the Interests except pursuant to a registered offering in compliance with, or in a transaction exempt from, the registration requirements of the Securities Act and any other applicable state, foreign or federal securities Laws, to the extent applicable.

Section 5.6 Brokers. No broker, finder, or investment bank is entitled to any brokerage, finder's, or similar fee or commission in connection with the transactions contemplated by this Agreement or the Related Agreements based upon arrangements made by or on behalf of Purchaser or any of its Affiliates other than those required to be paid by Purchaser.

Section 5.7 Solvency. Assuming the accuracy of the representations and warranties set forth in ARTICLE IV hereof and compliance by Seller with Section 6.1, Section 6.2, Section 6.4 and Section 6.5 hereof, (a) immediately after giving effect to the transactions contemplated by this Agreement, Purchaser and the Acquired Companies, when taken as a whole, will be able to pay their respective debts as they become due and will own property which has a fair saleable value greater than the amounts required to pay their respective debts as they become due in the ordinary course of business; and (b) immediately after giving effect to the transactions contemplated by this Agreement, Purchaser and the Acquired Companies, when taken as a whole, will have adequate capital to carry on their respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of Seller or the Acquired Companies.

Section 5.8 Compliance with Laws. Purchaser and each Purchaser Party is in compliance in all material respects with all applicable Laws, except where the failure to be in compliance would not reasonably be expected to prevent or materially delay the ability of Purchaser or any Purchaser Party to consummate the transactions contemplated by this Agreement or the Related Agreements.

Section 5.9 Legal Status. Neither Purchaser, nor any Purchaser Party, nor any of its or their respective directors, officers or employees, and to Purchaser's Knowledge, any of its or their respective Affiliates and agents, is a Sanctioned Person.

Section 5.10 Anti-Money Laundering. None of the funds used by Purchaser to fund any of its obligations under this Agreement or any other obligation of Purchaser or any Purchaser Party hereunder or under the Related Agreements shall have been sourced in violation of any Law relating to money laundering.

ARTICLE VI
PRE-CLOSING COVENANTS AND AGREEMENTS

Section 6.1 Conduct Pending the Closing. Except as set forth on Schedule 6.1 or to the extent Purchaser otherwise consents in email or other writing (such consent not to be unreasonably withheld, conditioned, or delayed), prior to the Closing, Seller shall cause each of the Acquired Companies not to conduct any operations other than those incidental to the ownership or licensing to Purchaser or its Subsidiaries of Company Intellectual Property or incidental to its formation and continued existence. For the avoidance of doubt and in addition to (and not in limitation of) the limitations in the immediately prior sentence, and except as set forth on Schedule 6.1 or to the extent Purchaser otherwise consents in email or other writing (such consent not to be unreasonably withheld, conditioned, or delayed), prior to the Closing, and without limiting the foregoing, Seller shall cause the Acquired Companies not to (and with respect to the Acquired Companies, Seller shall not):

(a) amend their respective Governing Documents;

(b) (i) directly or indirectly issue, sell, or pledge any Equity Interests, (ii) grant any options, warrants, calls, or other rights to purchase or otherwise acquire any Equity Interests, (iii) split, combine, reclassify, cancel, redeem, or repurchase any Equity Interests, or (iv) create, incur or permit any Lien (other than restrictions on transfer imposed under applicable securities Laws) on any Equity Interests of any Acquired Company;

(c) sell, lease, transfer, grant a license, sublicense or covenant not to sue with respect to or otherwise dispose of, or incur any Lien (other than a Permitted Lien) on, any of their material assets, including any waiver, lapse or other disposition of any rights in or to any material Company Owned IP, except for (i) any lapse of such Company Owned IP at the end of its statutory term or (ii) any cancellation, rejection, opposition or other adverse determination by a Governmental Authority that is outside Seller's reasonable control;

(d) disclose any trade secrets or other material confidential or proprietary information included in the Company Owned IP to a third party other than in the ordinary course of business or pursuant to a confidentiality obligation;

(e) enter into any transaction between any Acquired Company, on the one hand, and Seller or any Affiliate of Seller, on the other hand, that would be binding on any Acquired Company after the Closing;

(f) make any loans, advances, or capital contributions to, or investments in, any other Person (including any Affiliate);

(g) except as contemplated by the IP Confirmation and Assignment Agreement, acquire any business, Equity Interests, or assets of any other Person (whether by merger, sale of Equity Interests, sale of assets, or otherwise);

(h) create any Subsidiary;

(i) enter into any new line of business;

(j) make or change any Tax election, take any action that accelerates any deduction (including amortization or depreciation under Maltese tax Law) into the Pre-Closing Tax Period, change any annual Tax accounting period, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or adopt or change any accounting principle, policy, or procedure used by any of the Acquired Companies regarding Taxes; *provided*, for the avoidance of doubt, that this clause (j) shall not prevent Seller from taking any action with respect to Taxes or Tax Returns of a Seller Affiliated Group; *provided*, *however*, that Seller will not take any action with respect to Taxes or Tax Returns of a Seller Affiliated Group that would be expected to have a material impact on Taxes of Purchaser or any of the Acquired Companies after the Closing Date;

(k) create, incur, assume or guarantee any Indebtedness;

(l) make any capital expenditure, or commitment therefor;

(m) enter into any Contract, or terminate, amend, supplement, or waive any material rights under any existing Material Contract;

(n) institute, settle, or compromise any Proceeding (i) for which any Acquired Company would have any Liability following the Closing that is not paid by Seller prior to the Closing, (ii) which relates to any Company Owned IP, (iii) that involves any allegation of infringement, misappropriation, or other violation of Intellectual Property, or (iv) would require Purchaser to change any of its practices or operations or that involves any injunctive relief;

(o) adopt a complete or partial plan of liquidation, dissolution, restructuring, recapitalization, bankruptcy, suspension of payments, or other reorganization; or

(p) agree to do, approve, or authorize any of the foregoing.

Section 6.2 Consents and Approvals.

(a) On the terms and subject to the conditions of this Agreement, each Party shall use its reasonable best efforts to cause the Closing to occur as promptly as practicable after the date of this Agreement, including using reasonable best efforts (i) to comply promptly with all legal requirements that may be imposed on it or any of its Affiliates with respect to the Closing, (ii) to obtain all Consents from third parties necessary or appropriate to permit the consummation of the transactions contemplated by this Agreement and (iii) to obtain or make each Consent of or with a Governmental Authority that, if not obtained or made, would adversely affect the ability of the Parties to consummate the transactions contemplated by this Agreement; *provided*, *however*, that neither Party shall have any obligation to offer or pay any consideration (or incur any obligation) in order to obtain any such Consents, except as contemplated by Section 6.2(b); and provided, further, that Seller shall not make any agreement or understanding affecting the Interests or any Acquired Company as a condition for obtaining any such Consents except with the prior written Consent of Purchaser. Seller shall, and shall cause its Subsidiaries to, take the actions specified in Schedule 6.2.

(b) In furtherance and not in limitation of the covenants of the Parties contained in this Section 6.2, the Parties shall (i) cooperate and consult with each other in (A) determining, as promptly as possible, whether any filings or notifications are required to be made with, or actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or orders are required to be obtained from, any Governmental Authorities in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement and (B) timely making all such filings and notifications and timely seeking all such actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or orders, (ii) respond promptly to inquiries from any Governmental

Authority in connection with any filings or notifications made pursuant to this Section 6.2, and (iii) use reasonable best efforts to consummate and make effective the transactions contemplated by this Agreement. Each of Purchaser and Seller shall pay fifty percent (50%) of all filing fees associated with the filings required by this Section 6.2.

(c) In furtherance and not in limitation of the covenants of the Parties contained in this Section 6.2, subject to applicable legal limitations, each Party agrees, to the extent reasonably practicable, to (i) furnish to the other such information and assistance as the other may reasonably request in connection with its preparation of any notifications or filings required to be made pursuant to the terms of this Agreement, (ii) keep the other apprised of the status of matters relating to the completion of the transactions contemplated by this Agreement, including promptly furnishing the other with copies of notices or other communications received by such Party from, or given by such Party to, any third party or any Governmental Authority with respect to such transactions, (iii) permit the other Party to review and incorporate the other Party's reasonable comments in any communication to be given by it to any Governmental Authority with respect to any filings or notifications required to be made with, or actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or orders required to be obtained from, such Governmental Authority in connection with execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement, and (iv) consult with the other in advance of and not participate in any planned meeting or substantive discussion relating to the transactions contemplated by this Agreement, either in person or by telephone, with any Governmental Authority in connection with the proposed transactions unless it gives the other Party the opportunity to attend and observe; *provided*, that (x) in the event of any unplanned contact initiated by a Governmental Authority, the contacted Party shall inform such Governmental Authority of the obligations set forth in this Section 6.2(c), including the requirement that the other Party be afforded the opportunity to attend and observe any such meeting or discussion, and request that such Governmental Authority permit the contacted Party a reasonable period of time to arrange for the other Party's participation, and (y) in the event such Governmental Authority declines to permit such arrangement or otherwise insists on proceeding with such communication notwithstanding the foregoing request, the contacted Party shall promptly notify the other Party and provide a reasonably detailed summary of the substance of any such communication. Each Party shall use its reasonable best efforts to share information protected from disclosure under the attorney-client privilege, work product doctrine, joint defense privilege or any other privilege pursuant to this Section 6.2(c) in a manner so as to preserve any applicable privilege.

(d) In furtherance and not in limitation of the covenants of the Parties contained in this Section 6.2, each Party shall use its reasonable best efforts to take, or cause to be taken, all reasonable actions necessary under applicable Law to obtain all Consents from any Governmental Authority required to consummate the transactions contemplated by this Agreement.

Section 6.3 Resignations; POA Terminations. On or prior to the Closing Date, Seller shall cause (a) each officer and director of each Acquired Company to tender his or her resignation from such position effective as of the Closing and (b) any existing power of attorney (including with respect to Tax), delegated signing authority, Tax representative designation or other similar authorization with respect to any Acquired Company to terminate.

Section 6.4 Payment of Indebtedness. Seller shall use reasonable best efforts to cause, on or prior to the Closing Date, (a) all guarantees given by any Acquired Company to be released and (b) except as set forth on Schedule 6.4, all Indebtedness of the Acquired Companies to be repaid or otherwise settled in full.

Section 6.5 Settlement of Current Liabilities. Except as set forth on Schedule 6.5, Seller shall cause, on or prior to the Closing Date, all Current Liabilities of any of the Acquired Companies to be paid in full or otherwise settled.

Section 6.6 Notification of Certain Matters; Access to Books and Records. From the date of this Agreement until the Closing or the earlier termination of this Agreement, each Party shall promptly notify the other Party in writing of any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement; *provided*, that the failure to provide such notice shall not in and of itself result in the failure of a closing condition. Subject to applicable Law, from the date hereof until the earlier of the Closing Date and the termination of this Agreement, upon reasonable prior notice, Seller shall (and shall cause the Acquired Companies to) afford Purchaser and its Representatives reasonable access during normal business hours to the books, if any, records, Contracts, properties and personnel of the Acquired Companies to the extent reasonably necessary to consummate the transactions contemplated hereby or in connection with the procurement or binding of the R&W Insurance Policy; *provided*, that such access shall not be prohibited under applicable Law or unreasonably interfere with the business or operations of the Acquired Companies; *provided*, *further*, that all requests for access shall be directed to such person(s) as Seller may designate from time to time; and *provided*, *further*, that such access shall not extend to any (i) trade secrets or other competitively sensitive information or (ii) any information that is subject to any applicable confidentiality restrictions or attorney-client, work product or other privilege (provided that Seller shall cause the Acquired Companies to use commercially reasonable efforts to make alternative arrangements to disclose such confidential or privileged information in a manner that does not waive or violate such confidentiality or privilege). Seller makes no representation or warranty as to the accuracy of any information (if any) provided pursuant to this Section 6.6 and Purchaser may not rely on the accuracy of any such information, in each case, other than the representations and warranties of Seller expressly and specifically set forth in ARTICLE IV, as qualified by the Disclosure Schedules. The information provided pursuant to this Section 6.6 will be used solely for the purpose of consummating the transactions contemplated hereby or in connection with the procurement or binding of the R&W Insurance Policy, and will be subject to the terms of the Confidentiality Agreement.

ARTICLE VII
ADDITIONAL COVENANTS AND AGREEMENTS

Section 7.1 Taxes.

(a) Allocation of Certain Taxes. In the case of any Straddle Period, (i) the amount of any Taxes based on or measured by income, receipts, or payroll of the Acquired Companies for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date and (ii) the amount of other Taxes of the Acquired Companies for a Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction (x) the numerator of which is the number of days in the taxable period ending on the Closing Date and (y) the denominator of which is the number of days in such Straddle Period, provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions), other than with respect to property placed in service after the Closing, shall be allocated on a per diem basis. Notwithstanding the foregoing, any franchise Taxes payable with respect to any Straddle Period will be allocated to the period during which the income, operations, assets or capital comprising the base of such Tax is measured, regardless of whether the right to do business for another period is obtained by the payment of such franchise Tax.

(b) Purchaser Prepared Tax Returns. Purchaser shall prepare or cause to be prepared and file, or cause to be timely filed, at Purchaser's sole expense, all Tax Returns that are required to be filed by the Acquired Companies after the Closing; *provided*, that with respect to any such Tax Return for a Pre-Closing Tax Period or Straddle Period, (i) no later than thirty (30) days prior to the due date for such Tax Return (taking into account validly obtained extensions of time to file such Tax Return), Purchaser shall deliver a copy of such Tax Return, together with supporting documentation, to Seller for its review and comment, such comments to be provided to Purchaser no later than ten (10) days after Seller receives such Tax Return, and (ii) Purchaser shall incorporate any reasonable comments provided by Seller with respect to such Tax Returns. Any amounts shown as due on any Tax Return described in the preceding sentence that relate to the Pre-Closing Tax Period must be provided to Purchaser by Seller no later than ten (10) days prior to the due date of such Tax Return.

(c) Tax Proceedings.

(i) Purchaser shall notify Seller in writing upon the receipt of any notice of any pending or threatened claim, audit, notice of deficiency, examination, assessment, or administrative or court Proceeding with respect to any Seller Affiliated Group Tax Return or Tax Return of an Acquired Company for a Pre-Closing Tax Period or Straddle Period, in each case, within ten (10) Business Days after the receipt by Purchaser or the Acquired Companies of notice thereof, including any "notice of selection for examination" from the IRS (or similar notice provided by a state or local Tax authority); *provided*, *however*, that the failure to give such notice as provided herein shall not relieve Seller of its obligations under Section 7.1(h) except to the extent that Seller is actually and materially prejudiced thereby.

(ii) Seller (or any of its Affiliates) shall have the sole right to control the conduct, defense and settlement of any claim, audit, examination, or administrative or court Proceeding relating to any Seller Affiliated Group Tax Return or any Tax Return of an Acquired Company for a taxable period ending on or before the Closing Date at Seller's own cost and expense; *provided*, that other than with respect to a claim, audit, examination or administrative or court Proceeding relating to a Seller Affiliated Group Tax Return, (A) Seller shall keep Purchaser reasonably informed with respect to the status of any such claim, audit, examination or administrative or court Proceeding and shall give Purchaser an opportunity to participate in the defense at its sole cost and expense, and (B) Seller shall not settle or compromise such claim, audit, examination, or administrative or court Proceeding without first obtaining the prior written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed).

(iii) Purchaser shall control any other claim, audit, examination, or administrative or court Proceeding that relates to the Taxes of the Acquired Companies, other than any claim, audit, examination or administrative or court Proceeding that Seller elects to control in accordance with Section 7.1(c)(ii); *provided*, *however*, that if such claim, audit, examination or administrative or court Proceeding relates to a Pre-Closing Tax Period or Straddle Period, (A) Purchaser shall keep Seller reasonably informed with respect to the status of any such claim, audit, examination or administrative or court Proceeding and shall give Seller an opportunity to participate in the defense at its sole cost and expense, and (B) Purchaser shall not settle or compromise such claim, audit, examination, or administrative or court Proceeding without first obtaining the prior written consent of Seller (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) Cooperation on Tax Matters.

(i) Following the Closing, Purchaser shall cooperate with Seller (and shall cause its Affiliates to cooperate), at Seller's sole cost and expense, in the preparation of all Tax Returns that are required to be filed by the Acquired Companies that relate to the Pre-Closing Tax Period. Seller shall cooperate (and shall cause its Affiliates to cooperate), at Purchaser's sole cost and expense, in the preparation of all Tax Returns for any Tax periods and the conduct of any Tax action (including, for the avoidance of doubt, providing any historical documents, if not provided at Closing, that are reasonably available to Seller and needed in connection with any restructuring, reorganization or other transfer of Company Intellectual Property (which includes, for the avoidance of doubt, any rights treated as ownership of the Company Intellectual Property for Tax purposes) after the Closing) or administrative or court Proceeding relating to the Acquired Companies or the Seller Affiliated Group or Purchaser and its Affiliates. Such cooperation shall include the retention and, upon the other Party's reasonable request, furnishing prior years' Tax Returns of any Acquired Company or return preparation packages containing information relevant to the preparation of such Tax Returns and making employees and representatives available for discussion of such Tax matters or administrative or court Proceedings. Notwithstanding anything to the contrary in this Agreement, Seller shall not be required to (or to cause any of its Affiliates to) transfer to Purchaser any books, records or information to the extent related to a Seller Affiliated Group Tax Return or related records or workpapers concerning a Seller Affiliated Group, provided, that Seller shall use commercially reasonable efforts to provide portions of such Tax Returns, records or workpapers, or redacted versions thereof, to the extent such items relate solely to the Acquired Companies. For the avoidance of doubt, this Section 7.1(d) will not require any Party to take or cause to be taken any actions that reasonably could be expected to prevent or delay the consummation of the transactions contemplated by this Agreement or the filing of any Tax Return.

(ii) Seller agrees to provide any documentation and information available to Seller that is reasonably necessary to register the Acquired Companies that are organized under Maltese income tax Law as a "fiscal unit" pursuant to the Consolidated Group (Income Tax) Rules, Subsidiary Legislation 123.189 of the Laws of Malta. Such documentation and other information shall be provided to Purchaser no later than the later of (a) December 31, 2026 or (b) the Closing Date, but in any event no later than March 1, 2027.

(e) Post-Closing Actions. Purchaser shall not and shall cause its Affiliates not to, without Seller's prior written consent (which shall not be unreasonably withheld) or except as otherwise specifically contemplated by this Agreement, (i) file or amend any material Tax Return with respect to the Acquired Companies that relates in whole or in part to any Pre-Closing Tax Period, (ii) make, revoke or change any material election with respect to any Acquired Company that has retroactive effect to any Pre-Closing Tax Period, (iii) voluntarily approach any Tax authority, enter into any closing agreement, or surrender any right to claim a material refund of Taxes, in each case, with respect to any material Taxes or material Tax Returns of an Acquired Company relating to a Pre-Closing Tax Period, (iv) extend the statute of limitations or other period for the assessment or collection of material Taxes that relates to a material Tax Return of an Acquired Company for any Pre-Closing Tax Period, or (v) compromise, concede or settle any material Tax liability of any Acquired Company relating to a Pre-Closing Tax Period; *provided* that in the event any such action described in clauses (i) through (v), (1) is not reasonably expected to create material adverse Tax consequences to Seller, any of its Affiliates or any member of the Seller Affiliated Group or (2) is undertaken in connection with any restructuring, reorganization or other transfer of Company Intellectual Property (which includes, for the avoidance of doubt, any rights treated as ownership of the Company Intellectual Property for Tax purposes) after the Closing (including changes to the entity classification of any Acquired Company for U.S. federal income Tax purposes with an effective date no earlier than two days after the Closing Date or the liquidation of any Acquired Company), such action shall not require Seller's prior written consent but instead Purchaser shall provide Seller with reasonable advance written notice of its intent to undertake any such action (and agree to use commercially reasonable efforts to cooperate with Seller to mitigate any potential material adverse tax consequences of such actions).

(f) Transfer Taxes. All Transfer Taxes incurred in connection with the consummation of the transactions contemplated by this Agreement shall be borne one-half by Seller and one-half by Purchaser. The Party required by applicable Law to file any Tax Return with respect to such Transfer Taxes shall prepare and file such Tax Return and the other Party shall have the right to review, comment on, and consent (not to be unreasonably withheld or delayed) on any such Tax Return, and shall cooperate reasonably in the preparation of such Tax Returns; *provided* that any interest, penalties, or additional costs incurred as a result of a failure to timely file any such Tax Return shall be borne by the Party responsible for the failure to timely file. For the avoidance of doubt, Transfer Taxes shall not include any Taxes for which Seller is responsible under Section 7.1(h).

(g) Refunds and Credits. Any cash Tax refunds received from a taxing authority with respect to any Pre-Closing Tax Period that are received after the Closing Date by

Purchaser or any Acquired Company (or any of their respective Affiliates) (any such refund, a "Pre-Closing Tax Refund") shall be for the account of Seller. Purchaser shall take commercially reasonable efforts to file for and pursue Pre-Closing Tax Refunds and shall pay, or cause to be paid, to Seller an amount equal to any Pre-Closing Tax Refund to which Seller is entitled under this Section 7.1(g) reasonably promptly after receipt thereof; *provided* that Seller shall bear one hundred percent (100%) of the costs and expenses incurred by Purchaser in filing for and pursuing such Pre-Closing Tax Refund. If, as a result of the Maltese Rate Reduction, the Acquired Companies (or any of their Affiliates) are entitled to, and actually receive, a cash refund of Malta corporate income Tax, the Seller shall be entitled only to the portion of such refund equal to the excess, if any, of (a) the amount of such Tax actually borne or paid by the Seller with respect to any Pre-Closing Tax Period, determined after taking into account the adjustments in the last sentence of Section 7.1(h), over (b) the amount of such Tax that would have been payable with respect to such Pre-Closing Tax Period after giving effect to the Maltese Rate Reduction.

(h) Tax Indemnity. Seller shall reimburse, indemnify and hold harmless Purchaser and the Acquired Companies from, against, and in respect of: (i) all Taxes for which any Acquired Company is liable for any Pre-Closing Tax Period (or portion of any Straddle Period ending on the Closing Date); (ii) all Taxes of a Seller Affiliated Group of which any Acquired Company (or any predecessor or successor of an Acquired Company) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 or any analogous or similar state, local or non-U.S. law or regulation, including, for the avoidance of doubt, any such Taxes of a Seller Affiliated Group that arise as a result of the transactions contemplated by this Agreement (including any Tax of a Seller Affiliated Group on capital gains or income acceleration under Section 367(d) of the Code and the Treasury Regulations promulgated thereunder) and all Taxes of Seller; and (iii) all Taxes of another Person for which any Acquired Company is liable for as a result of transferee liability, successor liability, joint and several liability, contractual liability or otherwise, in each case, that is attributable to an event or transaction occurring on or before the Closing Date. For purposes of this Section 7.1(h), any Maltese corporate income Tax liability of an Acquired Company shall be calculated taking into account the Maltese Rate Reduction except to the extent (i) at the time the relevant Tax Returns for the Acquired Companies are due, it is not reasonably expected that the Acquired Companies (or any of their Affiliate) would be eligible for the Maltese Rate Reduction (including through a refund payable to a shareholder of an Acquired Company upon the distribution of a dividend by such Acquired Company), or (ii) a taxing authority successfully challenges any of the Acquired Companies' ability to use the Maltese Rate Reduction (in which case, the Maltese corporate income Tax liability of an Acquired Company shall be calculated taking into account the Maltese Rate Reduction, as adjusted by the taxing authority).

(i) Company Check-the-Box Election. Section 338(g) Election.

(i) The Parties agree that (A) at least ten (10) Business Days prior to the Closing, Seller shall deliver to Purchaser the original copy of the IRS Form 8832, properly filled out and executed by Seller, electing to have the Company treated as a disregarded entity with an effective date no later than the day before the Closing Date, such that the Company shall be treated as a disregarded entity for the entirety of the Closing Date (the "Check-the-Box Election") and, at Purchaser's option, (1) Seller shall timely submit the Check-the-Box Election to the IRS and deliver to

Purchaser evidence of such submission, or (2) Purchaser shall timely submit the Check-the-Box Election to the IRS and deliver to Seller evidence of such submission, and in either case, the Party receiving an IRS confirmation notice that states whether the IRS has approved the Check-the-Box Election shall promptly deliver a copy of such notice to the other Party; and (B) Purchaser shall make a timely election under Section 338(g) of the Code (and any corresponding elections under state, local and foreign Tax Law) with respect to Walnut Glade (the "Section 338(g) Election").

(ii) At least ten (10) Business Days prior to the Closing Date, Purchaser shall prepare and provide to Seller for its review a draft of the IRS Form 8023 and a duly completed notice required under Treasury Regulations Section 1.338-2(e)(4) and any applicable U.S. state or local Tax forms (such IRS, state, and local forms, collectively, the "Section 338(g) Election Forms") that are required to be filed in connection with the Section 338(g) Election. Purchaser shall incorporate any comments provided in good faith by Seller on the Section 338(g) Election Forms and shall timely file with the IRS and any other applicable Tax authorities all the Section 338(g) Election Forms required to be so filed and provide to Seller copies thereof (together with proof of mailing) and the duly completed notice in accordance with Treasury Regulations Section 1.338-2(e)(4). Seller and Purchaser shall, and shall cause their respective Affiliates to, file their Tax Returns in a manner reflecting that the Section 338(g) Election has been made.

(iii) The Parties agree that the Purchase Price (and any other items treated as consideration for tax purposes) shall be allocated (A) among the assets of the Company and (B) to the extent the Purchase Price is allocated to the stock of the Walnut Glade under the preceding clause (A) of this Section 7.1(i)(iii), further allocated among the assets of Walnut Glade. Within ninety (90) days after the Closing Date, Purchaser shall deliver such allocation to Seller, prepared in accordance with the principles of Sections 338 and 1060 of the Code and the Treasury Regulations promulgated thereunder (the "Allocation Schedule"). The Allocation Schedule shall become final and binding on the Parties thirty (30) days after Purchaser delivers such schedule to Seller, unless Seller objects in writing to any amounts reflected on the Allocation Schedule, specifying the basis for its objection in reasonable detail. If Seller does object, then Purchaser and Seller shall negotiate in good faith and use their reasonable best efforts to resolve the dispute within fifteen (15) Business Days of written notice to Purchaser of Seller's objection. Any such resolution shall be final and binding on the Parties. In the event Seller and Purchaser are unable to resolve any dispute within such fifteen (15) day period, Seller and Purchaser shall submit the dispute to a mutually agreed independent accounting firm (the "Firm"), provided, that (x) the Firm shall be requested to deliver its decision before the due date for any applicable Tax Return, and (y) in the event that the decision of the Firm is not provided on or before such due date, the applicable Tax Return shall be filed in accordance with the position of Purchaser and thereafter amended, if applicable, in accordance with the decision of the Firm. Each of Seller and Purchaser shall (1) be bound by the final Allocation Schedule for purposes of determining any Taxes, and (2) prepare and file, and cause its Affiliates to prepare and file, its Tax Returns (including IRS Form 8883) on a basis consistent with the final Allocation Schedule (either by failure of Seller to properly and timely provide comments, mutual agreement of Purchaser and Seller or by determination of the Firm). In the event that any adjustment is required to be made to Tax Returns (including IRS Form 8883) as a result of any payments under this Agreement, an amended Allocation Schedule shall be prepared consistent with the provisions of this Section 7.1(i)(iii) and the Parties shall file all Tax Returns (including a revised IRS Form 8883) in a manner consistent with such revised Allocation Schedule, and shall not take any position inconsistent therewith.

(iv) Intended Tax Treatment. The Parties agree that (A) as a result of the Check-the-Box Election, the Company will be deemed to have liquidated for U.S. federal income Tax purposes and such liquidation will be deemed to have occurred prior to the Closing Date; (B) as a result of the Section 338(g) Election, Walnut Glade will be deemed to have sold the Company Intellectual Property (which includes, for the avoidance of doubt, any rights treated as ownership of the Company Intellectual Property for Tax purposes) to an unrelated person resulting in a termination of the deemed royalty to YIFC, as determined under Treasury Regulations Section 1.367(d)-1T(f)(ii); (C) as a result of the Section 338(g) Election, YIFC shall be deemed to have established an account receivable from Walnut Glade pursuant to Treasury Regulations Section 1.367(d)-1T(g)(1)(i) (the "367(d) Receivable") and (D) the 367(d) Receivable shall be deemed to have been capitalized by YIFC into Walnut Glade (and therefore extinguished) immediately prior to Closing (and for purposes of applying Section 7.1(i)(iii), no amounts shall be allocated to the 367(d) Receivable) (the "Intended Tax Treatment"). Each Party shall prepare and file, and shall cause its Affiliates to prepare and file, its Tax Returns on a basis consistent with the Intended Tax Treatment and shall not take any position inconsistent therewith.

Section 7.2 Books and Records; Access and Assistance.

(a) For a period of seven (7) years after the Closing Date, each of Seller and Purchaser shall retain, or cause the Acquired Companies to retain, all books and records relating to the ownership of the Acquired Companies prior to the Closing Date.

(b) After the Closing Date, Purchaser shall permit Seller and its Representatives to have reasonable access to, and to inspect and copy, at Seller's expense, any books and records referred to in Section 7.2(a) that Seller requires for financial reporting, Tax, or accounting purposes; *provided*, *however*, that (i) Seller shall provide at least three (3) Business Days' prior written notice to Purchaser of any such request, specifying in reasonable detail the books and records to be accessed, (ii) any such access shall be during normal business hours and shall not unreasonably interfere with the operations of Purchaser or the Acquired Companies, (iii) Seller and its Representatives shall comply with all reasonable security and confidentiality procedures of Purchaser and the Acquired Companies of which Purchaser notifies Seller in writing, and (iv) Seller shall not use any information obtained pursuant to this Section 7.2(b) for any purpose other than the purposes specified herein.

(c) If after the Closing either Party is contesting or defending against any Proceeding, hearing, investigation, claim, or demand relating to (i) any transaction contemplated by this Agreement or the Related Agreements or (ii) any fact, situation, condition, event, action, failure to act, or transaction occurring prior to the Closing Date involving any Acquired Company, the other Party shall (A) fully cooperate with the contesting or defending Party and its counsel in, and assist the contesting or defending Party and its counsel with, the contest or defense, (B) make available such other Party's personnel (including for purposes of fact finding, consultation, interviews, depositions, and, if required, as witnesses), and (C) provide such information, testimony, and access to its books and records, in each case as shall be reasonably requested in connection with the contest or defense, all at the sole cost and expense (not including employee compensation and benefits costs) of the contesting or defending Party; *provided*, *however*, that (x) the foregoing shall not apply to any dispute between the Parties, (y) no Party shall be required to provide assistance at times or in amounts that would unreasonably interfere with the business and operations of such Party, and (z) the Party requesting assistance shall pay the reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by the Party providing such assistance.

(d) From and after the Closing Date until the sixth (6^{th}) anniversary thereof, Seller shall permit Purchaser and its Representatives to have reasonable access (for the purpose of examining and copying), upon reasonable advance notice, to, and to inspect and copy, at Purchaser's expense, any books, records, documents, correspondence, workpapers, data and other information retained by Seller or any of its Affiliates, and not delivered to Purchaser at the Closing, that relate to the ownership or operation of any Acquired Company prior to the Closing Date (including any Tax workpapers, shared services records, insurance claims files, regulatory correspondence and employee records maintained at the Seller group level) to the extent reasonably requested by Purchaser for purposes of (i) integration of the Acquired Companies into Purchaser's operations, (ii) compliance with applicable Law or the requirements of any Governmental Authority, (iii) preparation or filing of Tax Returns, (iv) defense of any Proceeding or (v) any other reasonable business purpose; *provided*, *however*, that Seller shall not be required to (or to cause any of its Affiliates to) permit Purchaser to inspect or copy any books, records, documents, correspondence, workpapers, data or other information relating to a Seller Affiliated Group Tax Return or related records or workpapers concerning a Seller Affiliated Group Tax Return; *provided*, *further*, that such access shall not extend to any (x) trade secrets or other competitively sensitive information of Seller or its Affiliates or (y) any information that is subject to any applicable confidentiality restrictions or attorney-client, work product or other privilege, and provided that Seller shall use commercially reasonable efforts to make alternative arrangements to disclose such confidential or work product or other privileged information in a manner that does not waive or violate such confidentiality or privilege. Seller shall make its relevant personnel available to Purchaser to provide reasonable assistance and explanation with respect to such books and records.

Section 7.3 Confidentiality. Purchaser acknowledges that the information being provided to it in connection with the transactions contemplated by this Agreement is subject to that certain Confidentiality Agreement, dated as of November 11, 2025, by and between Seller and Purchaser (the "Confidentiality Agreement"). Effective upon the Closing, and without further action by any Party, such agreement shall terminate.

Section 7.4 Release. Effective as of the Closing (but only if the Closing actually occurs), each of Purchaser and Seller, each on behalf of itself and each of its Affiliates (including, in the case of the release by Purchaser, the Acquired Companies) and each of its and their respective current, former and future officers, directors, managers, employees, partners, members, equityholders, advisors, successors and assigns solely in their respective capacities as such (collectively, in such capacity, the "Releasing Parties"), to the fullest extent permitted under applicable Law, hereby irrevocably and unconditionally releases and forever discharges the other Party and its current and former Affiliates (excluding, in the case of the release by Purchaser, the Acquired Companies) and each of their respective current, former and future officers, directors, managers, employees, partners, members, equityholders, advisors, successors and assigns solely in their respective capacities as such (collectively, in such capacity, the "Released Parties") of and from any and all actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, contracts and covenants (whether express or implied), and claims and demands whatsoever whether in law or in equity (whether based upon contract, tort, contribution or otherwise) which the Releasing Parties may have against any of the Released Parties, now or in the future, in respect of any cause, matter or thing, relating to the Acquired Companies, the Pizza Hut Global Business, the Pizza Hut PRC Business, the Pizza Hut MLA or the transactions contemplated hereby, in each case, occurring or arising prior to the Closing; *provided*, *however*, that the foregoing release shall not (i) release any obligations of the Released Parties under this Agreement, the Related Agreements, or the Existing Agreements, (ii) release any claims arising from Fraud, (iii) release any claims relating to the Tax indemnity under Section 7.1(h), (iv) release any rights of the Released Parties under any Surviving Intercompany Agreements (subject to the last sentence of Section 10.2(a)), (v) release any claims arising under the R&W Insurance Policy, or (vi) in the case of the release by Purchaser, release any ROW Group Company (or ROW Purchaser or any of its Affiliates or any of its or their respective officers, directors, managers, employees, partners, members, equityholders, advisors, successors or assigns). Each of Purchaser and Seller, each on behalf of itself and each of its applicable Releasing Parties, covenants and agrees that none of its respective Releasing Parties shall assert any such claim against the Released Parties, subject to the foregoing proviso. Notwithstanding anything to the contrary in this Section 7.4, if the ROW Purchase Agreement is validly terminated prior to the consummation of the ROW Closing, then effective upon the later of the Closing and such termination, Purchaser hereby releases the ROW Group Companies and their respective Affiliates and their respective current, former and future officers, directors, managers, and employees solely in their respective capacities as such, from and against any and all claims of the type described in this Section 7.4 for the time frames described in this Section 7.4 and subject to the limitations and exceptions set forth in this Section 7.4 (other than clause (vi) above). Notwithstanding the foregoing or anything to the contrary herein, the foregoing releases do not apply to the extent related to any business or operation other than the Acquired Companies, Pizza Hut Global Business, the Pizza Hut PRC Business, the Pizza Hut MLA or the transactions contemplated hereby. For the avoidance of doubt, no ROW Group Company shall be an Affiliate of Seller for purposes of the release by Seller if the Closing occurs after the ROW Closing.

Section 7.5 Financing.

(a) Following the date hereof and until the Closing, Seller shall use its reasonable best efforts to provide, and shall cause its Subsidiaries and Representatives to provide, at Purchaser's sole cost and expense, such customary cooperation and customary and reasonably available financial information in the possession of or readily available to Seller at such time and data, in each case, that is reasonably requested by Purchaser in connection with any potential debt financing in connection with the transactions contemplated hereby; *provided*, *however*, that no such cooperation shall be required to the extent it would unreasonably disrupt or interfere with the conduct of the business of Seller or any of its Subsidiaries.

(b) Notwithstanding Section 7.5(a):

(i) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies, shall be required to pay any commitment or other fee or incur or reimburse any liability or obligation in connection with any financing of Purchaser;

(ii) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies, shall be required to take any action that conflicts with or violates (A) its Governing Documents, (B) any Contract to which it is party or (C) applicable Law;

(iii) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies, nor any director, officer, employee or governing body of any such Person, shall be required to enter into or approve or take any other corporate organizational action in connection with any financing of Purchaser;

(iv) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies, shall be required to deliver any legal opinion;

(v) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies, shall be required to prepare and/or provide any projections, financial statements or pro forma financial statements (it being understood that Seller shall not be required to procure any review of its financial information by its accountants); *provided, however*; Seller will provide trial balances for the Acquired Companies consistent with the trial balances provided prior to the date hereof as soon as reasonably available;

(vi) neither Seller nor any of its Subsidiaries, including, prior to the Closing, the Acquired Companies (except as provided below), shall be required to (A) make any representation, warranty or certification or (B) take any action that would (1) result in a breach of any representation, warranty or covenant set forth in this Agreement or any applicable Related Agreement or (2) subject any director, manager, officer or employee of Seller or its Subsidiaries, including the Acquired Companies, to any actual or potential personal liability; *provided* that the foregoing shall not excuse the Acquired Companies from providing reasonable documentation and other information customarily required by United States bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act, relating to the Acquired Companies, in each case as reasonably requested by Purchaser;

(vii) neither Seller nor any of its Subsidiaries nor any director, officer, manager or employee thereof shall be required to provide any cooperation that does not, in the good faith determination of such Person, pertain to any Acquired Company or any predecessor entity that conducted the business operated by any Acquired Company prior to the Formation Date (each, a "Predecessor Company") (it being understood and agreed that no employee or officer of Seller or its Subsidiaries, including the Acquired Companies, shall be required to take any action other than on behalf of, or related to, an applicable Acquired Company or a Predecessor Company in his or her capacity as such) (it being further understood and agreed that any cooperation pertaining to a Predecessor Company shall be limited to the Pizza Hut PRC Business);

(viii) neither Seller nor any of its Subsidiaries, including the Acquired Companies, shall be required to provide access to or disclose information that such Person determines in good faith would jeopardize any attorney-client privilege or other privilege of Seller or its Subsidiaries, including the Acquired Companies, and that in the event that any such Person does not provide access or information in reliance on this clause, Seller shall provide notice to Purchaser that such access or information is being withheld and shall use reasonable efforts to disclose as much of such information as possible in a way that does not jeopardize such privilege; and

(ix) neither Seller nor any of its Subsidiaries shall be required to take any action that (i) would require physical travel to another country outside of the United States or (ii) would not be customary for a seller or any of its Affiliates to undertake in connection with a merger or acquisition financing transaction with a lender organized and operating in the United States.

(c) Purchaser shall indemnify and hold harmless Seller, its Subsidiaries, including the Acquired Companies, and their respective Representatives (collectively, "Financing Indemnified Parties") from and against any and all liabilities, losses, damages, claims, costs, expenses, interest, awards, judgments and penalties suffered or incurred by them in connection with any Purchaser financing and the performance of their respective obligations under this Section 7.5 and any information utilized in connection therewith, except to the extent such liabilities, losses, damages, claims, costs expenses, interest, awards, judgments or penalties arise from the breach of this Agreement by Seller or any of its Subsidiaries, including any Acquired Company, or result from the gross negligence, bad faith or willful misconduct of Seller or any of its Subsidiaries, including any Acquired Company, or any of their respective Financing Indemnified Parties or Affiliates.

(d) Purchaser shall be solely responsible for all costs and expenses incurred by Seller, its Subsidiaries (including the Acquired Companies), and their respective Financing Indemnified Parties in connection with the cooperation provided under this Section 7.5, and Purchaser shall, promptly upon request of Seller, reimburse Seller, its Subsidiaries (including the Acquired Companies), and their respective Financing Indemnified Parties for all reasonable and documented out-of-pocket costs and expenses incurred by or on behalf of any of Seller or its Subsidiaries (including the Acquired Companies) in connection therewith (other than financial information that would have been prepared in the ordinary course of Seller's or the Acquired

Companies' business in the absence of this Agreement).

(e) It is understood and agreed that any information provided pursuant to this Section 7.5 shall be subject to the terms of the Confidentiality Agreement.

(f) Notwithstanding anything to the contrary herein, the failure of Seller or its Subsidiaries, including the Acquired Companies, to comply with this Section 7.5 shall not give rise to the failure of a condition precedent set forth in Section 8.2(b) or a termination right pursuant to Section 9.1 unless (i) Purchaser provides prompt written notice to Seller of the alleged failure to comply, specifying that such alleged failure would reasonably be expected to cause the failure of Purchaser's financing to be obtained and the steps requested to be taken to cure such alleged failure in a commercially reasonable manner consistent with this Section 7.5 and Seller or its applicable Subsidiaries failed to promptly use commercially reasonable efforts to take such steps in a manner consistent with (and to the extent such steps are required under) this Section 7.5, and (ii) Seller's or its Subsidiaries' failure to comply was the proximate cause of the failure of such financing (as such financing is contemplated as of the date of this Agreement) to be obtained on or before the date on which Purchaser is required to consummate the Closing pursuant to Section 2.2. The obligations set forth in Section 7.5(c) and Section 7.5(d) shall survive the Closing or earlier termination of this Agreement.

Section 7.6 Pizza Hut MLA.

(a) Purchaser shall cause any amount for any period ending on or prior to the Closing Date under Section 3.1 of the Pizza Hut MLA to be paid to the party identified by Seller to Purchaser on or prior to the Closing Date on the terms set forth in the Pizza Hut MLA and shall withhold thereon consistent with past practice in respect of periods prior to the Closing Date.

(b) Purchaser acknowledges and agrees, for itself and on behalf of YCCL, that, notwithstanding the consummation of the transactions contemplated hereby, the provisions of the first paragraph of Section 4.1 and Sections 4.1.3, 4.1.4 and 4.4 of the Pizza Hut MLA apply for all periods and with respect to all Intellectual Property existing on or prior to the effective date of the IP Confirmation and Assignment Agreement, and that Cherry Glade's rights as described in such provisions have been assigned by Cherry Glade to PHILLC pursuant to a master franchise agreement; *provided, however*, that the ownership of Intellectual Property reflected in such provisions has been modified to the extent provided by the Consent of Assignment, the Trademark Assignment Agreement and the IP Confirmation and Assignment Agreement.

(c) Purchaser further acknowledges and agrees that all rights of Licensor (as such term is defined in the Pizza Hut MLA) and its other Indemnitees (as such term is defined in the Pizza Hut MLA) under Section 11.1 of the Pizza Hut MLA are hereby irrevocably assigned and transferred to Seller and its other Indemnitees (as such term is defined in the Pizza Hut MLA, substituting Seller for Licensor) other than the Acquired Companies effective (without any further action of any Party or any party to the Pizza Hut MLA) as of immediately prior to the Closing; *provided* that (i) the indemnification obligations of Licensee (as such term is defined in the Pizza Hut MLA) shall apply only to third-party claims first asserted against Seller or such other Indemnitees within three (3) years following the Closing Date, (ii) no indemnification claim may be brought after such date, regardless of when the underlying acts, omissions, or use occurred (provided, however, that any claim properly noticed prior to such date shall survive until final resolution), and (iii) any claim not asserted within such period shall be irrevocably barred; *provided* further, for the avoidance of doubt, that Licensee's indemnification obligations with respect to any Affiliate of Seller shall continue after such Person ceases to be an Affiliate of Seller. In furtherance of the foregoing, notwithstanding any termination of the Pizza Hut MLA after Closing, all such rights of Seller and its other Indemnitees as set forth in this Section 7.6(c) shall continue in full force and effect in accordance with the terms thereof notwithstanding any termination or modification of the Pizza Hut MLA. For the avoidance of doubt, neither Purchaser nor any Acquired Company shall have any right to such indemnification, or any right to waive any of such indemnification rights of Seller and its other Indemnitees, and Purchaser hereby agrees to, and to cause its Affiliates to, not assert, by way of motion, as a defense or otherwise, in any dispute, controversy or claim, any claim that such indemnity rights as set forth in this Section 7.6(c) are not rights of Seller and its other Indemnitees (other than the Acquired Companies).

(d) Seller acknowledges and agrees, for itself and its Affiliates (including PHILLC and PHLLC), that, as of immediately prior to the Closing, the provisions of Sections 4.1.3 and 4.1.4 of the Pizza Hut MLA with respect to any licenses or rights granted to Seller or any of its Affiliates to Future Brand Business IP (as defined in the Pizza Hut MLA) and/or Customer Data (as defined in the Pizza Hut MLA) are terminated as of immediately prior to the Closing.

Section 7.7 Seller Insurance. From and after the Closing Date, the Acquired Companies shall cease to be insured by, have access or availability to, be entitled to make claims on, be entitled to claim benefits from or seek coverage under any policy of or agreement for insurance and interests in insurance pools and programs covering risks of Seller or its current or former Affiliates (in each case including self-insurance and insurance from such a current or former Affiliate) and all rights of any nature with respect to any of the foregoing, including in each case all recoveries thereunder and rights to assert claims seeking any such recoveries; *provided*, *however*, that with respect to any claims, events, or occurrences arising out of or relating to matters occurring prior to the Closing Date (whether such claims are made, asserted, or discovered before, on, or after the Closing Date), (i) Seller shall use commercially reasonable efforts to provide the Acquired Companies with the ability to assert claims and seek coverage under any applicable third-party insurance policies of Seller or its Affiliates in effect at or prior to the Closing Date that covered the Acquired Companies and that are "occurrence based" (each such policy, an "Available Insurance Policy"), and if an Available Insurance Policy does not allow the Acquired Companies to make a claim, Seller shall, or shall cause its Affiliates to, upon Purchaser's or its applicable Subsidiary's reasonable request, use commercially reasonable efforts to make a claim on behalf of the Acquired Companies, (ii) Seller shall use commercially reasonable efforts to cooperate with Purchaser and the Acquired Companies in connection with any such insurance claims (including by filing or tendering claims to the applicable insurance carriers on behalf of or at the request of the Acquired Companies and providing such information and documentation as may be reasonably requested), (iii) any insurance recoveries received in respect of such claims shall be promptly remitted to Purchaser or the applicable Acquired Company net of any reasonable out-of-pocket costs and expenses incurred by Seller and its Affiliates, and (iv) Seller shall not take any action (excluding, for the avoidance of doubt, the pursuit of claims of Seller and its Affiliates under any such policy) to extinguish, reduce, or otherwise adversely affect any rights of the Acquired Companies with respect to such claims, including by amending, canceling, or failing to renew any Available Insurance Policy to the extent such action would adversely affect coverage for pre-Closing matters; *provided* that such access to, and the right to make claims under, any Available Insurance Policy shall be subject to the terms and conditions of such Available Insurance Policy, including any restrictions on coverage or scope, any deductibles, retentions or self-insurance provision, and any fees, costs or other expenses, and shall be subject to the following additional conditions:

(a) Purchaser shall report any potentially insured pre-Closing claim to Seller, as promptly as practicable and in any event in sufficient time so that such claim may be made in accordance with Seller's or its Affiliates' claim reporting procedures in effect immediately prior to the Closing (or as updated following the Closing, following reasonable notice thereof to Purchaser), *provided* that (i) Seller shall provide Purchaser not less than thirty (30) days' prior written notice of any material change to such procedures and (ii) no such update shall impose requirements on Purchaser that are not imposed on the divisions and businesses of Seller and its Affiliates without Purchaser's prior written consent;

(b) to the extent that Seller or any of its Affiliates incurs any documented incremental premium increases, fees, or expenses (including reasonable legal fees and allocated claims, expenses or claim handling fees) that are directly and demonstrably attributable to claims made by Purchaser or any of its Affiliates under any Available Insurance Policy (and not attributable to general market conditions, Seller's own claims experience, or other factors unrelated to such claims by Purchaser or its Affiliates), Seller shall be entitled to offset such documented amounts against any insurance recoveries otherwise payable to Purchaser or the applicable Acquired Company pursuant to this Section 7.7; provided, however, that (A) in no event shall the aggregate amounts offset or otherwise reimbursed by Purchaser under this Section 7.7(b) exceed the aggregate insurance proceeds actually received by or on behalf of Purchaser and its Affiliates (including the Acquired Companies) under the applicable Available Insurance Policy in respect of the relevant claims, and (B) Seller shall provide Purchaser with reasonable documentation evidencing any such incremental costs and the basis for attributing such costs to Purchaser's claims (including copies of any relevant correspondence from the applicable insurer);

(c) any recovery under any Available Insurance Policy shall be net of all uninsured, uncovered, unavailable or uncollectible amounts of all such claims made by Purchaser or any of its Affiliates under the policies as provided for under such Available Insurance Policy (including any applicable deductible, retention or other similar amounts);

(d) claims made by Purchaser pursuant to this Section 7.7 will be subject to (and recovery thereon will be reduced by the amount of) any applicable deductibles, retentions or self-insurance provisions under such Available Insurance Policies; and

(e) claims made by Purchaser pursuant to this Section 7.7 will be administered by Seller or its Affiliates and all communications with any insurance providers in connection with such claims will be managed solely by Seller or its Affiliates, *provided* that Seller shall (i) administer such claims in good faith, in a commercially reasonable manner, and in accordance with the reasonable instructions of Purchaser, provided that such instructions are consistent with applicable Law and the terms of the applicable insurance policy, (ii) keep Purchaser reasonably informed of the status of each such claim and provide copies of all material correspondence with insurance carriers relating thereto, and (iii) not settle, release, compromise, or otherwise resolve any claim asserted on behalf of Purchaser or any Acquired Company without the prior written consent of Purchaser (not to be unreasonably withheld, conditioned, or delayed); *provided, however*, that Purchaser may elect, upon written notice to Seller, to directly administer and manage any such claim to the extent permitted under the applicable Available Insurance Policy, in which case Seller and its Affiliates shall reasonably cooperate with Purchaser in connection therewith.

Nothing in this Agreement shall be considered as an attempted assignment of any insurance policy, including any Available Insurance Policy, or as a contract of insurance, and nothing in this Agreement shall limit, waive or abrogate in any manner any rights of Seller or its Affiliates to insurance coverage for any matter, and Seller shall retain the exclusive right to control all of its insurance policies, including the Available Insurance Policies, including the right to exhaust, settle, release, commute, buy-back or otherwise resolve disputes with respect to any of its insurance policies and to amend, modify, terminate or waive any such insurance policies and programs or rights thereunder; provided, however, that Seller not exercise any right to exhaust, settle, release, commute, buy-back, or otherwise resolve disputes with respect to any Available Insurance Policy, or any right to amend, modify, terminate, or waive any Available Insurance Policy or any right thereunder, in each case, in a manner that would materially and adversely affect the ability of the Acquired Companies to assert claims or obtain coverage for pre-Closing matters under this Section 7.7. In the event that aggregate limits under any Available Insurance Policy are insufficient to satisfy in full the claims of both (A) Seller and its Affiliates, on the one hand, and (B) the Acquired Companies, on the other hand, such aggregate limits shall be shared pro rata based on the relative amount of covered losses submitted by each group.

Section 7.8 Certain Post-Closing Deliveries. Within five (5) Business Days following the Closing Date, Seller shall deliver or cause to be delivered to Purchaser (a) an electronic copy of the Data Room, which shall include all documents, files, and other materials posted to the Data Room as of 11:59 p.m. (Eastern Time) on the Business Day immediately preceding the Closing Date and (b) the corporate records of each Acquired Company, including minute books, if any. To the extent such corporate records do not include the financial records, Tax records, or bank account information of each Acquired Company, Seller shall deliver such financial records (including trial balances), Tax records, and bank account information to Purchaser reasonably promptly following the Closing; provided, however, that Seller shall not be required to (or to cause any of its Affiliates to) deliver any books, records, documents, correspondence, workpapers, data or other information to the extent related to a Seller Affiliated Group Tax Return or related records or workpapers concerning a Seller Affiliated Group Tax Return; provided further that Seller shall use commercially reasonable efforts to provide portions of such records, or redacted versions thereof, to the extent such items relate solely to the Acquired Companies.

Section 7.9 Rest of World Sale. If Seller and its Affiliates consummate the sale of the Pizza Hut business outside the PRC (the "ROW Closing") prior to the consummation of the purchase and sale of the Interests, (a) Purchaser shall cause the Co-Existence Agreement to be executed and delivered by YCCL in the form attached to this Agreement at or before the ROW Closing, and (b) Seller shall (i) cause the Co-Existence Agreement, the IP Confirmation and Assignment Agreement, and the Pizza Hut PRC License Agreement, to be executed and delivered in the forms attached to this Agreement, and a sublicense agreement to be entered into by and between the Company and Cherry Glade in a form reasonably acceptable to Purchaser, in connection with the ROW Closing, (ii) cause the Intercompany Agreements set forth on Schedule

2.5(h) to be terminated, in connection with the ROW Closing, and (iii) not modify, amend, or waive any terms of, or terminate, any agreement described in the foregoing clause (i) without Purchaser's prior written consent. For the avoidance of doubt, no such agreement shall be executed or delivered in a form that differs from the applicable form attached to this Agreement unless Purchaser shall have approved any adjustments to such forms in writing (it being understood that finalizing such agreement as contemplated by the form attached hereto shall be permitted, notwithstanding the foregoing). Seller shall provide Purchaser with reasonable advance written notice of the anticipated date of the ROW Closing if it precedes the Closing and shall keep Purchaser reasonably informed to the extent such anticipated date changes.

Section 7.10 Certain IP Costs. In relation to the Trademark Assignment Agreement and the IP Confirmation and Assignment Agreement, Seller shall, at Seller's cost, (i) make such filings, execute and deliver all such documents and provide all such cooperation and assistance as may reasonably be required as requested by the Company to evidence, record, and perfect the assignment of the Marks (as defined in the Trademark Assignment Agreement) and Copyrights (as defined in the IP Confirmation and Assignment Agreement) to the Company, (ii) continue to follow up with the assignment application filed with CNIPA pursuant to the Consent of Assignment, (iii) until the Closing, pay or cause to be paid any registration, maintenance and renewal fees, and (iv) file any documents with the appropriate Governmental Authority and pay any applicable costs until the assignment of all the Marks and Copyrights is duly completed.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1 Conditions to Each Party's Obligations. The obligations of each Party to consummate the purchase and sale of the Interests and the Closing are subject to the satisfaction (or waiver by each of Seller and Purchaser) of the following conditions as of the Closing Date: (a) no Governmental Authority shall have entered or issued any Order preventing, enjoining, or making illegal the consummation of any of the transactions contemplated by this Agreement or the Related Agreements, and (b) no Law shall have been enacted or shall be deemed applicable to any of the transactions contemplated by this Agreement or the Related Agreements which makes the consummation of any of such transactions illegal.

Section 8.2 Additional Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the purchase and sale of the Interests and the Closing are subject to the satisfaction (or waiver by Purchaser) of the following additional conditions as of the Closing Date:

(a) The Fundamental Representations of Seller shall be true and correct in all respects (except for *de minimis* inaccuracies) as of the date of this Agreement and as of the Closing Date as though made on the Closing Date (except for those Fundamental Representations that speak as of the date of this Agreement or any other specific date, in which case such Fundamental Representations shall have been true and correct in all respects (except for *de minimis* inaccuracies) as of such date). The other representations and warranties of Seller set forth in ARTICLE IV (disregarding all qualifications as to materiality set forth therein) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on the Closing Date (except for those representations and warranties that speak as of the date of this

Agreement or any other specific date, in which case such representations and warranties shall be true and correct in all material respects as of such date).

(b) Seller shall have performed or complied with in all material respects all covenants and agreements required to be performed or complied with by Seller under this Agreement on or prior to the Closing Date.

(c) Any and all Liens on the Interests (other than restrictions on transfer imposed under applicable securities Laws) and any and all Liens (other than Permitted Liens) on the properties and assets of the Acquired Companies shall have been terminated and released pursuant to documentation in form and substance reasonably satisfactory to Purchaser.

(d) Purchaser shall have received from Seller each delivery required pursuant to Section 2.5.

Section 8.3 Additional Conditions to Obligations of Seller. The obligations of Seller to consummate the purchase and sale of the Interests and the Closing are subject to the satisfaction (or waiver by Seller) of the following additional conditions as of the Closing Date:

(a) The Fundamental Representations of Purchaser shall be true and correct in all respects (except for *de minimis* inaccuracies) as of the date of this Agreement and as of the Closing Date as though made on the Closing Date (except for those Fundamental Representations that speak as of the date of this Agreement or any other specific date, in which case such Fundamental Representations shall have been true and correct in all respects (except for *de minimis* inaccuracies) as of such date). The other representations and warranties of Purchaser set forth in ARTICLE V (disregarding all qualifications as to materiality set forth therein) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on the Closing Date (except for those representations and warranties that speak as of the date of this Agreement or any other specific date, in which case such representations and warranties shall be true and correct as of such date).

(b) Purchaser shall have performed or complied with in all material respects all covenants and agreements required to be performed or complied with by Purchaser under this Agreement on or prior to the Closing Date.

(c) Seller shall have received from Purchaser each delivery required pursuant to Section 2.4.

Section 8.4 Frustration of Closing Conditions. Neither Party may rely, whether as a basis for not consummating the transactions contemplated by this Agreement or terminating this Agreement or otherwise, on the failure of any condition set forth in this ARTICLE VIII to be satisfied if such failure was caused by such Party’s breach of this Agreement.

ARTICLE IX
TERMINATION

Section 9.1 Termination. This Agreement may be terminated, and the transactions contemplated by this Agreement may be abandoned, by written notice delivered by the terminating Party to the other Party (other than in the case of Section 9.1(a)) at any time prior to the Closing:

(a) by the mutual written agreement of Seller and Purchaser;

(b) by either Seller or Purchaser, if the Closing does not occur on or prior to November 16, 2026 (the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to a Party whose breach of or failure to perform any of its representations, warranties, covenants, or agreements contained in this Agreement has been the cause of or has resulted in the failure of the Closing to occur on or prior to the Outside Date;

(c) by Purchaser, if Purchaser is not then in material breach of this Agreement, if:

(i) Seller breaches or fails to perform in any material respect any of its representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 8.1 or Section 8.2 and (B) (1) if capable of being cured, has not been cured by Seller by the earlier of the Outside Date and the date that is twenty (20) days after Seller's receipt of written notice from Purchaser stating Purchaser's intention to terminate this Agreement pursuant to this Section 9.1(c) or (2) is incapable of being cured; or

(ii) any of the conditions set forth in Section 8.1 or Section 8.2 has become incapable of being satisfied on or prior to the Outside Date; or

(d) by Seller, if Seller is not then in material breach of this Agreement, if:

(i) Purchaser breaches or fails to perform in any material respect any of its representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform (A) would result in a failure of a condition set forth in Section 8.1 or Section 8.3 and (B) (1) if capable of being cured, has not been cured by Purchaser by the earlier of the Outside Date and the date that is twenty (20) days after Purchaser's receipt of written notice from Seller stating Seller's intention to terminate this Agreement pursuant to this Section 9.1(d) or (2) is incapable of being cured; or

(ii) any of the conditions set forth in Section 8.1 or Section 8.3 has become incapable of being satisfied on or prior to the Outside Date; or

(e) by Seller, if Seller is not then in material breach of this Agreement, if:

(i) (A) all of the conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), and (B) Purchaser is required to consummate the Closing under Section 2.2;

(ii) Seller has delivered written notice to Purchaser confirming that clause (i) of this Section 9.1(e) is satisfied and that Seller is prepared to consummate the Closing (the "Closing Notice");

(iii) Purchaser fails to consummate the Closing within five (5) Business Days following the date on which it receives the Closing Notice; and

(iv) Seller stood ready, willing and able to consummate the Closing throughout such five (5)-Business Day period.

Section 9.2 Effect of Termination. If this Agreement is validly terminated pursuant to Section 9.1, this Agreement will immediately become void and have no further force or effect, and neither Party will have any Liability to the other Party; *provided*, *however*, that (a) the first sentence of Section 7.3, Section 7.5(c), Section 7.5(d), Section 7.5(f), Section 7.9, this Section 9.2, Section 10.2, Section 10.3, Section 11.1, Section 11.2, Section 11.8, Section 11.10, Section 11.13, Section 11.14, and Section 11.15 will survive such termination and (b) no such termination will relieve either Party from Liability for any Fraud or Willful Breach of this Agreement by such Party prior to such termination. The Parties agree that if Purchaser does not close the transactions contemplated hereby in circumstances in which all of the closing conditions set forth in Section 8.1 and Section 8.2 have been satisfied or waived (other than those conditions that, by their terms, are to be satisfied at the Closing), Purchaser received a Closing Notice and Purchaser fails or refuses to consummate the Closing as required to do so under Section 2.2, such failure or refusal to close shall be deemed to be a Willful Breach of this Agreement by Purchaser unless Purchaser had a good faith belief that one or more of the closing conditions in Section 8.1 or Section 8.2 had not been satisfied or waived or that it was not required to consummate the Closing under Section 2.2. In determining losses or damages recoverable upon termination by a Party for the other Party's Willful Breach, the Parties acknowledge and agree that such losses and damages shall not be limited to reimbursement of expenses or out-of-pocket costs, and shall include the benefit of the bargain lost by such Party, taking into consideration all relevant matters (including other opportunities and the time value of money), which shall be deemed to be damages of such Party.

ARTICLE X
NO SURVIVAL; ACKNOWLEDGMENTS; RELATED MATTERS

Section 10.1 Survival. The Parties, intending to modify any applicable statute of limitations, agree that (a) each of the representations and warranties of the Parties set forth in this Agreement or in any certificate delivered pursuant to this Agreement, shall terminate effective immediately as of the Closing (and no claims may be brought with respect thereto from and after the Closing); (b) each covenant and agreement of the Parties set forth in this Agreement shall, to the extent such covenant or agreement contemplates or requires performance prior to the Closing, terminate effective immediately as of the Closing (and no claims may be brought with respect thereto from and after the Closing); and (c) to the extent (and only to the extent) any covenant or agreement contemplates or requires performance at or after the Closing, such covenant and agreement shall expressly survive the Closing in accordance with its terms (or if no term is specified until fully performed). Nothing in this Section 10.1 or elsewhere in this Agreement, shall (i) limit or prohibit the ability of any Party to pursue recoveries against another Party in respect of Fraud, (ii) limit the rights of Purchaser or its Affiliates under any R&W Insurance Policy which Purchaser may procure, which shall be governed by its own terms and conditions, (iii) limit the obligations of Seller under Section 7.1(h), which shall survive the Closing and continue in full force and effect until sixty (60) days after the expiration of the applicable statute of limitations, or (iv) limit the obligations of the Parties under ARTICLE II (*Sale and Purchase of the Interests; Closing*), Section 6.4 (*Payment of Indebtedness*), Section 6.5 (*Settlement of Current Liabilities*), Section 7.7 (*Seller Insurance*), Section 7.8 (*Certain Post-Closing Deliveries*), Section 7.10 (*Certain IP Costs*), and Section 11.9 (*Further Assurances*), which shall survive the Closing to the extent not fully performed as of the Closing. For the avoidance of doubt, any claim asserted in writing with reasonable specificity prior to the expiration of the applicable survival period shall survive until the final resolution of such claim.

Section 10.2 Acknowledgment.

(a) Purchaser knowingly, willingly, irrevocably and expressly acknowledges and agrees, on its own behalf and on behalf of itself and its Affiliates (including, from and after the Closing, the Acquired Companies), that it has conducted to its full satisfaction an independent investigation and verification of the assets and liabilities of the Acquired Companies, has requested and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or any representation or warranty made by Seller herein, and, in making its determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied solely on the results of its own independent investigation and verification and has not relied on, is not relying on, and will not rely on, any of Seller or any of its Affiliates or any other confidential information provided to or otherwise obtained by Purchaser or any of its Affiliates, in each case whether written or oral, except for the representations and warranties expressly and specifically set forth in ARTICLE IV, as qualified by the Disclosure Schedules, in any certificate delivered pursuant to this Agreement, and in any of the Related Agreements. Purchaser knowingly, willingly, irrevocably and expressly acknowledges and agrees, on its own behalf and on behalf of itself and its Affiliates (including, from and after the Closing, the Acquired Companies), that: (i) the representations and warranties expressly and specifically set forth in ARTICLE IV, as qualified by the Disclosure Schedules, in any certificate delivered pursuant to this Agreement, and in any of the Related Agreements, are the sole and exclusive representations, warranties, and statements of any kind made to Purchaser and on which Purchaser may rely in connection with the transactions contemplated by this Agreement and the Related Agreements; and (ii) all other representations, warranties and statements of any kind or nature expressed or implied, whether in written, electronic or oral form, including (x) the completeness or accuracy of, or any omission to state or to disclose, any information, and (y) any other statement relating to the historical, current or future business, financial condition, results of operations, assets, liabilities, properties, Contracts and prospects of any Acquired Company or the Pizza Hut PRC Business, or the quality, quantity or condition of any Acquired Company's assets, are, in each case, specifically disclaimed by Seller, on its own behalf and on behalf of itself and its current and former Affiliates. Purchaser, on its own behalf and on behalf of its Affiliates (including, from and after the Closing, the Acquired Companies), knowingly, willingly, irrevocably and expressly: (A) disclaims reliance on the items in clause (ii) of the immediately preceding sentence, and (B) acknowledges and agrees that it has relied on and is only relying on the items in clause (i) of the immediately preceding sentence. Under no circumstances shall any of the representations or warranties of Seller made herein be imputed to, or deemed to be made by, any other Person. For the avoidance of doubt, Purchaser, on its own behalf and on behalf of its Affiliates (including, from and after the Closing, the Acquired Companies), acknowledges and agrees that any representation or warranty, express or implied, with respect to any Surviving Intercompany Agreement shall be null and void and no claim may be made thereunder or in respect thereof.

(b) Seller knowingly, willingly, irrevocably and expressly acknowledges and agrees, on its own behalf and on behalf of itself and its Affiliates (other than the Acquired Companies), that it has conducted to its full satisfaction an independent investigation and verification of the transactions contemplated by this Agreement and, in making its determination to proceed with the transactions contemplated by this Agreement, Seller has relied solely on the results of its own independent investigation and has not relied on, is not relying on, and will not rely on, any of Purchaser or any of its Affiliates or any other confidential information provided to or otherwise obtained by Seller or any of its Affiliates, in each case whether written or oral, except for the representations and warranties expressly and specifically set forth in ARTICLE V, as qualified by the Disclosure Schedules. Seller knowingly, willingly, irrevocably, and expressly acknowledges and agrees, on its own behalf and on behalf of itself and its Affiliates (other than the Acquired Companies), that: (i) the representations and warranties expressly and specifically set forth in ARTICLE V, as qualified by the Disclosure Schedules, in any certificate delivered pursuant to this Agreement, and in any of the Related Agreements, are the sole and exclusive representations, warranties, and statements of any kind made to Seller and on which Seller may rely in connection with the transactions contemplated by this Agreement and the Related Agreements; and (ii) all other representations, warranties and statements of any kind or nature expressed or implied, are specifically disclaimed by Purchaser. Seller, on its own behalf and on behalf of itself and its Affiliates (other than the Acquired Companies), knowingly, willingly, irrevocably and expressly: (A) disclaims reliance on the items in clause (ii) of the immediately preceding sentence, and (B) acknowledges and agrees that it has relied on and is only relying on the items in clause (i) of the immediately preceding sentence. Under no circumstances shall any of the representations and warranties of Purchaser made herein be imputed to, or deemed to have been made by, any other Person.

(c) Notwithstanding anything in this Section 10.2 to the contrary, nothing herein shall limit, restrict or otherwise affect any rights of either Party to bring claims for Fraud, under Section 7.1(h), under Section 10.3, or, solely with respect to Purchaser, under the R&W Insurance Policy.

Section 10.3 Exclusive Remedy.

(a) From and after (i) the date hereof until the Closing (if it occurs), Purchaser's and its Non-Recourse Parties' sole and exclusive remedy against the Acquired Companies, Seller and each of their respective Non-Recourse Parties, whether in any individual, corporate or any other capacity, with respect to any and all claims relating (directly or indirectly) to the sale and purchase of the Interests pursuant to this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise, shall be solely pursuant to the provisions of Section 9.1, Section 9.2, or Section 11.15 in accordance with the terms hereof, *provided* that nothing in this clause (i) shall limit or affect any rights of Purchaser or its Affiliates under (A) the Pizza Hut MLA or any other Existing Agreements or (B) from and after the ROW Closing, against any of the ROW Group Companies (or any of their respective equityholders, controlling Persons, Affiliates, members, managers, general or limited partners, or assignees (or any equityholder, controlling Person, Affiliate, member, manager, general or limited partner, or assignee of any of the foregoing)), and (ii) the Closing, Purchaser's and its Non-Recourse Parties' sole and exclusive remedy against Seller and its Non-Recourse Parties, whether in any individual, corporate or any other capacity, with respect to any and all claims relating (directly or indirectly) to the sale and purchase of the Interests pursuant to this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed (whether sounding in contract or tort, or whether at law or in equity, on public policy grounds, under any Law (including under securities Laws), on the basis of "unjust enrichment" or otherwise), shall be solely and exclusively (w) for breach of any agreement or covenant herein expressly surviving, and requiring performance at or after, or that, in the case of ARTICLE II (*Sale and Purchase of the Interests; Closing*), Section 6.4 (*Payment of Indebtedness*), Section 6.5 (*Settlement of Current Liabilities*), Section 7.7 (*Seller Insurance*), Section 7.8 (*Certain Post-Closing Deliveries*), Section 7.10 (*Certain IP Costs*), or Section 11.9 (*Further Assurances*), was unperformed as of, the Closing, (x) pursuant to the tax indemnity set forth in Section 7.1(h), (y) pursuant to the provisions of the Related Agreements or the Surviving Intercompany Agreements (subject to the last sentence of Section 10.2(a)), or (z) for Fraud; provided, however, that from and after the ROW Closing, this clause (ii) shall not limit or affect any rights of Purchaser or its Affiliates against any of the ROW Group Companies (or any of their respective equityholders, controlling Persons, Affiliates, members, managers, general or limited partners, or assignees (or any equityholder, controlling Person, Affiliate, member, manager, general or limited partner, or assignee of any of the foregoing)). In furtherance of the foregoing, Purchaser hereby (for itself and on behalf of its Non-Recourse Parties) waives and releases to the fullest extent permitted under applicable Law, the Acquired Companies, Seller and each of their respective Non-Recourse Parties, whether in any individual, corporate or any other capacity, from and against any and all other rights, claims and causes of action it may have against the Acquired Companies, Seller or their respective Non-Recourse Parties relating (directly or indirectly) to the sale and purchase of the Interests pursuant to this Agreement or the transactions contemplated hereby (including relating to any exhibit, Schedule or document delivered hereunder), regardless of the legal theory under such which right, claim or cause of action may arise (whether sounding in contract or tort, or whether at law or in equity, on public policy grounds, under any Law (including under securities Laws), on the basis of "unjust enrichment" or otherwise) and including any rights to rescission of the transactions contemplated hereby, other than claims described in clauses (w) through (z) of the preceding sentence or the proviso of the preceding sentence. The limits imposed on Purchaser's and its Non-Recourse Parties' remedies with respect to this Agreement and the transactions contemplated hereby (including this Section 10.3) were specifically bargained for between sophisticated parties and were specifically taken into account in the determination of the amounts to be paid to Seller hereunder. None of Purchaser or any of its Non-Recourse Parties may avoid the limitations on liability set forth in this Agreement by seeking damages for breach of contract, tort or pursuant to any other theory of liability.

(b) From and after (i) the date hereof until the Closing (if it occurs), Seller's and its Non-Recourse Parties' sole and exclusive remedy against Purchaser and its Non-Recourse

Parties, whether in any individual, corporate or any other capacity, with respect to any and all claims relating (directly or indirectly) to the subject matter of this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, or whether at law or in equity, or otherwise, shall be solely pursuant to the provisions of Section 9.1, Section 9.2, or Section 11.15 in accordance with the terms hereof, provided that nothing in this clause (i) shall limit or affect any rights of Seller or its Affiliates under the Pizza Hut MLA or any other Existing Agreements, and (ii) the Closing, Seller's and its Non-Recourse Parties' sole and exclusive remedy against Purchaser and its Non-Recourse Parties, whether in any individual, corporate or any other capacity, with respect to any and all claims relating (directly or indirectly) to the sale and purchase of the Interests pursuant to this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed (whether sounding in contract or tort, or whether at law or in equity, on public policy grounds, under any Law (including under securities Laws), on the basis of "unjust enrichment" or otherwise), shall be solely and exclusively (x) for breach of any agreement or covenant herein expressly surviving, and requiring performance at or after or that was unperformed as of, the Closing, (y) pursuant to the provisions of the Related Agreements or the Surviving Intercompany Agreements (subject to the last sentence of Section 10.2(a)), or (z) for Fraud. In furtherance of the foregoing, Seller hereby (for itself and on behalf of its Non-Recourse Parties) waives and releases to the fullest extent permitted under applicable Law, Purchaser and its Non-Recourse Parties, from and against any and all other rights, claims and causes of action it may have against Purchaser or its Non-Recourse Parties relating (directly or indirectly) to the sale and purchase of the Interests pursuant to this Agreement or the transactions contemplated hereby (including relating to any exhibit, Schedule or document delivered hereunder), regardless of the legal theory under which such right, claim or cause of action may arise, other than claims described in clauses (x) through (z) of the preceding sentence. The limits imposed on Seller's and its Non-Recourse Parties' remedies with respect to this Agreement and the transactions contemplated hereby were specifically bargained for between sophisticated parties. None of Seller or any of its Non-Recourse Parties may avoid the limitations on liability set forth in this Agreement by seeking damages for breach of contract, tort or pursuant to any other theory of liability. Notwithstanding anything to the contrary herein, the foregoing does not apply to the extent related to any business or operation other than the Pizza Hut Global Business.

(c) Nothing in this Section 10.3 shall limit (i) a Party's right to seek specific performance of the other Party's obligations hereunder in accordance with Section 11.15, bring a claim (and, if successful, recover damages) for Fraud, terminate pursuant to Section 9.1 or bring a claim (and if successful, recover damages) pursuant to Section 9.2; or (ii) from and after the ROW Closing, any rights or claims of Purchaser or its Non-Recourse Parties against any of the ROW Group Companies (or any of their respective equityholders, controlling Persons, Affiliates, members, managers, general or limited partners, or assignees (or any equityholder, controlling Person, Affiliate, member, manager, general or limited partner, or assignee of any of the foregoing)).

Section 10.4 R&W Insurance Policy. If Purchaser obtains a R&W Insurance Policy, Purchaser shall ensure that such policy expressly waives any claims of subrogation (except in the case of Fraud) against Seller and its current and former Affiliates and their respective Representatives and shall not amend, waive or otherwise modify the R&W Insurance Policy in any manner that would allow the insurer thereunder or any other Person to subrogate or otherwise make or bring any Proceeding against Seller, its current or former Affiliates or any of their respective Representatives, based upon, arising out of, or related to this Agreement or the transactions contemplated by this Agreement, or the negotiation, execution or performance of this Agreement, other than in the case of Fraud, and such R&W Insurance Policy shall provide that Seller, its current or former Affiliates or any of their respective Representatives are third party beneficiaries of such waivers or restrictions on modifications.

ARTICLE XI
MISCELLANEOUS

Section 11.1 Expenses. Except as otherwise provided herein, including as provided in Section 6.2(b), Section 7.2(b), and Section 7.2(c), each Party shall bear its own fees and expenses with respect to this Agreement and the transactions contemplated by this Agreement. For the avoidance of doubt, any fees and expenses incurred by the Acquired Companies prior to the Closing shall be borne by Seller.

Section 11.2 Prevailing Party. In any dispute arising out of or related to this Agreement, any of the exhibits or schedules hereto, or any Related Agreement, or any transactions contemplated hereby or thereby, the applicable adjudicating body shall award to the prevailing party in any final, non-appealable binding decision or order, if any, all documented out-of-pocket costs and attorneys' fees actually and reasonably incurred by the prevailing party in connection with the dispute and the enforcement of its rights under this Agreement, any of the exhibits or schedules hereto, or any Related Agreement and, if the adjudicating body determines a party to be the prevailing party in any final, non-appealable binding decision or order under circumstances where the prevailing party won on some but not all of the claims and counterclaims, the adjudicating body shall award the prevailing party an appropriate percentage of the documented out-of-pocket costs and attorneys' fees reasonably incurred by the prevailing party in connection with the adjudication and the enforcement of its rights under this Agreement, any of the exhibits or schedules hereto, or any Related Agreement.

Section 11.3 Amendments; Waivers. The Parties may amend, modify, or supplement this Agreement only by a written agreement signed by both Parties. No failure or delay on the part of any Party to exercise any right, power or remedy of such Party hereunder shall operate as a waiver thereof, nor shall a single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty or other provision contained in this Agreement shall be effective unless in writing signed by such Party, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty or other provision contained herein.

Section 11.4 Notices. Any notice, request, instruction, or other communication to be given under this Agreement by a Party shall be in writing and shall be deemed to have been given to the other Party (a) when delivered, if delivered in person or by overnight delivery service (charges prepaid), (b) when sent, if sent via email, provided, that no undeliverable message is received by the sender, or (c) when received, if sent by registered or certified mail, return receipt requested, in each case to the address, facsimile number, or email address of such Party set forth below and marked to the attention of the designated individual:

(i) If to Purchaser, to:

Yum China Holdings, Inc.
Yum China Building
20 Tian Yao Qiao Road
Shanghai 200030
People's Republic of China

Attention: Pingping Liu, Chief Legal Officer
Email: [*]

with a copy (which will not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603

Attention: Paul L. Choi; Scott R. Williams
Email: pchoi@sidley.com; swilliams@sidley.com

(ii) If to Seller, to:

Yum! Brands, Inc.
7100 Corporate Dr.
Plano, Texas 75024
Attention: Erika Burkhardt, Chief Legal Officer
Email: erika.burkhardt@yum.com

with a copy (which will not constitute notice) to:

Mayer Brown LLP
71 South Wacker Drive
Chicago, IL 60606
Attention: Jodi Simala
Email: jsimala@mayerbrown.com

or to such other individual or address, facsimile number, or email address as a Party may designate for itself by notice given in accordance with this Section 11.4.

Section 11.5 United States Dollars. All payments pursuant to this Agreement shall be made by wire transfer in Dollars in immediately available funds to the account or accounts designated in writing by the payee to the payor.

Section 11.6 Assignment. This Agreement will be binding on and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may, by operation of law or otherwise, assign this Agreement or any of such Party's rights or obligations under this Agreement without the written Consent of the other Party; *provided*, *however*, that Purchaser may assign any or all of its rights and obligations under this Agreement to one or more of its Affiliates without the Consent of Seller, so long as such assignment does not relieve Purchaser of its obligations hereunder; *provided, further* that, at or after the Closing, Purchaser may collaterally assign any or all of its and obligations under this Agreement to its financing sources (or any agent or trustee therefor) in connection with any debt financing transaction without the Consent of Seller, which assignment shall not relieve Purchaser of its obligations hereunder.

Section 11.7 No Third Party Beneficiaries. Except as provided in Section 7.4, Section 7.5(c), Section 7.5(d), Section 7.6, Section 11.16 and ARTICLE X (which is for the benefit of Persons described therein), this Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or will confer on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 11.8 Publicity. Neither Party nor any of their respective Representatives may make any press release or other public disclosure regarding the existence of this Agreement and the Related Agreements, its or their contents, or the transactions contemplated by this Agreement and the Related Agreements without the prior written Consent of the other Party, in any case, as to the form, content, and timing and manner of distribution or publication of such press release or other public disclosure (which Consent may not be unreasonably withheld, conditioned, or delayed). Each Party shall hold confidential the terms and provisions of this Agreement and the Related Agreements. Notwithstanding the foregoing, nothing in this Section 11.8 will prevent either Party or its Representatives from making any press release or other disclosure required by Law or the rules of any applicable stock exchange, in which case the Party required to make such press release or other disclosure shall use commercially reasonable efforts to allow the other Party reasonable time to review and comment on such release or disclosure in advance of its issuance.

Section 11.9 Further Assurances.

(a) On and after the Closing Date, upon the request of either Party, the other Party shall execute and deliver such assignments and other instruments as may be reasonably requested by the requesting Party in order to evidence and effectuate the transactions contemplated by this Agreement. Within sixty (60) days after the Closing Date, Seller will make available to Purchaser complete and accurate copies of all applications, registration certificates, correspondence with any Governmental Authority, prosecution file histories, challenges, enforcement and dispute related files, and other material documents related to the Company Registered IP, in each case, to the extent in Seller's possession or control. If any registration, maintenance and renewal fees are required to be paid for any Company Registered IP prior to Seller making the foregoing available to Purchaser, Seller shall use commercially reasonable efforts to make such payment, subject to Section 7.10, at Purchaser's expense.

(b) If, at any time after the Closing, any Party (or any of its Affiliates) discovers that it holds any right, asset, or property (including any Contract or Intellectual Property right) that should have been transferred to the other Party or its Affiliates (including the Acquired Companies) pursuant to this Agreement, the Consent of Assignment, the Trademark Assignment Agreement or the IP Confirmation and Assignment Agreement (a "Wrong Pockets Asset"), the Party holding such Wrong Pockets Asset shall, and shall cause its applicable Affiliates to, promptly transfer, assign, convey and deliver such Wrong Pockets Asset to the Party (or its designated Affiliate) entitled thereto for no additional consideration. Until such transfer is completed, the Party holding the Wrong Pockets Asset shall hold it in trust for the benefit of the entitled Party and shall not, unless required by applicable Law, take any action with respect thereto that would be adverse to the interests of the entitled Party. Each Party shall reasonably cooperate to effect any such transfer, including by executing any documents or instruments reasonably necessary to effectuate such transfer. Each Party shall bear its own costs and expenses in connection with any such transfer of a Wrong Pockets Asset.

Section 11.10 Severability. If any provision of this Agreement is declared invalid, illegal, or unenforceable, (a) all other provisions of this Agreement will remain in full force and effect and (b) the Parties shall negotiate in good faith to amend or modify this Agreement to replace such invalid, illegal, or unenforceable provision with a valid, legal, and enforceable provision giving effect to the Parties' intent to the maximum extent permitted by Law.

Section 11.11 Entire Agreement. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof. This Agreement together with the Related Agreements (when executed) constitute the entire agreement and understanding of the Parties with respect to the subject matter of this Agreement and the Related Agreements and the transactions contemplated hereby and thereby, and supersede any and all other prior agreements, arrangements and understandings, both written and oral, among the Parties with respect to such subject matter.

Section 11.12 No Strict Construction. The Parties have each participated in the negotiation and drafting of the terms of this Agreement. The Parties agree that any rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting Party will not apply in interpreting this Agreement.

Section 11.13 GOVERNING LAW; CHOICE OF LAW. ALL ISSUES AND QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEABILITY OF THIS AGREEMENT AND THE PERFORMANCE OF THE OBLIGATIONS IMPOSED HEREUNDER AND THEREUNDER SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE. ANY AND ALL ACTIONS AND CAUSES OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT OR STATUTE, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, INCLUDING ITS STATUTES OF LIMITATIONS (EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN), WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF DELAWARE OR ANY OTHER JURISDICTION) THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OR STATUTE OF LIMITATIONS OF A JURISDICTION OTHER THAN THE STATE OF DELAWARE.

Section 11.14 Exclusive Jurisdiction and Venue; WAIVER OF JURY TRIAL.

(a) Except for claims seeking injunctive relief (for which the provisions of Section 11.15 will be applicable) or as otherwise explicitly set forth in a Related Agreement, all disputes, controversies or claims arising out of or relating to this Agreement, the Related Agreements or the transactions contemplated hereby or thereby (whether in contract, tort, equity or otherwise) shall be submitted to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware and any state appellate court therefrom, or if such court finds that it lacks subject matter jurisdiction, the Superior Court of the State of Delaware and any appellate court therefrom; *provided*, that if subject matter jurisdiction over the matter that is the subject of the dispute, controversy or claim is vested exclusively in the U.S. federal courts, such dispute or claim shall be heard in the U.S. District Court for the District of Delaware and any appellate court therefrom. Each Party (i) waives, to the extent not prohibited by applicable Law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such dispute, controversy or claim, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such dispute, controversy or claim brought in one of the above-named courts should be dismissed on grounds of forum non-conveniens, should be transferred or removed to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other dispute, controversy or claim in any other court other than one of the above-named courts or that this Agreement or any Related Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (ii) agrees not to commence any such dispute, controversy or claim other than before one of the above-named courts. Notwithstanding the previous sentence, a Party may commence any dispute, controversy or claim in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by one of the above-named courts. Each Party agrees that a final, non-appealable judgment in any dispute, controversy or claim brought as set forth in this Section 11.14 shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by Law.

(b) Each Party hereby irrevocably consents to the service of process by registered mail or personal service in accordance with Section 11.4.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING (I) ARISING UNDER THIS AGREEMENT OR ANY RELATED AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE (INCLUDING, FOR THE AVOIDANCE OF DOUBT, ANY SEEKING EQUITABLE RELIEF).

Section 11.15 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that money damages or legal remedies would not be an adequate remedy for any such damages. Therefore, it is accordingly agreed that each Party shall be entitled to enforce specifically the terms and provisions of this Agreement, or to enforce compliance with, the covenants and obligations of any other Party, in any court of competent jurisdiction, and appropriate injunctive relief shall be granted in connection therewith, and no Party shall assert that a remedy of specific performance or other equitable relief is unenforceable, invalid, contrary to law or inequitable for any reason, nor that a remedy of monetary damages would provide an adequate remedy or that the Parties otherwise have an adequate remedy at law. Without limiting the generality of the foregoing, Seller shall be entitled to specific performance to cause Purchaser or any Purchaser Party to consummate the Closing (including funding the Purchase Price) in accordance with, and subject to, the terms and conditions of this Agreement. For the avoidance of doubt, Purchaser's obligations under this Agreement, including its obligation to consummate the Closing and pay the Purchase Price, are not conditioned upon obtaining any financing. Purchaser acknowledges and agrees that it has, or at Closing will have, sufficient funds available to consummate the transactions contemplated hereby and that under no circumstance shall the failure to obtain or have available financing be a defense to an action for specific performance or a basis for the failure to consummate the Closing. Any Party seeking an injunction, a decree or order of specific performance shall not be required to provide any bond or other security in connection therewith and any such remedy shall be in addition and not in substitution for any other remedy to which such party is entitled at law or in equity. For the avoidance of doubt, while Seller may pursue both a grant of specific performance and the payment of damages under this Section 11.15, under no circumstances shall Seller be permitted or entitled to receive both a grant of specific performance requiring the consummation of the Closing and payment of damages for the failure to consummate the Closing.

Section 11.16 Legal Representation. Following consummation of the transactions contemplated hereby, the Acquired Companies' current and former legal counsel (including Mayer Brown LLP (together, the "Law Firm")) may serve as counsel to each and any of Seller and its Non-Recourse Parties, in connection with any litigation, claim or obligation arising out of or relating to this Agreement or the transactions contemplated by this Agreement notwithstanding such representation or any continued representation of any other Person (including Seller and its current or former Affiliates), and each of the Parties (on behalf of itself and each of its Non-Recourse Parties) consents thereto and waives any conflict of interest arising therefrom. The decision to represent any of Seller and its Non-Recourse Parties shall be solely that of the Law Firm. Any attorney-client privilege, work product protection or expectation of confidentiality arising out of or as a result of the Law Firm's representation of Seller or any of its current or former Affiliates in any matter relating in any way to Seller and its current or former Affiliates (including the Acquired Companies prior to the Closing) in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Privileges") shall survive the Closing and shall remain in full force and effect; *provided*, that notwithstanding anything to the contrary in this Agreement or any Related Agreement, the Transaction Privileges and all information, data, documents or communications, in any format and by whomever possessed, covered by or subject to any of the Transaction Privileges (collectively, "Transaction Privileged Materials") shall, from and after the Closing, automatically be assigned and exclusively belong to, and be controlled by, Seller; *provided*, *however*, that the foregoing shall not restrict Purchaser's or the Acquired Companies' right to access or use any non-privileged books, records or documents of the Acquired Companies. For the avoidance of doubt, as to any Transaction Privileged Materials, Purchaser, together with any of its Affiliates (including, following the Closing, the Acquired Companies), successors or assigns, agrees that no such party may use or rely on any of the Transaction Privileged Materials in any action or claim against or involving any of the Parties or any of their respective Non-Recourse Parties after the Closing, and Seller and its current or former Affiliates shall have the right to assert any of the Transaction Privileges against Purchaser and its Affiliates (including, following the Closing, the Acquired Companies). Purchaser further agrees that, on its own behalf and on behalf of its Affiliates (including, following the Closing, the Acquired Companies), the Law Firm's retention by or on behalf of the Acquired Companies shall be deemed completed and terminated without any further action by any Person effective as of the Closing. Purchaser shall cause the Acquired Companies and each of their future direct and indirect Subsidiaries and its and their successors and assigns that are not signatories to this Agreement to fulfill and comply with the terms of this Section 11.16 and take any and all other steps necessary to effect the agreements in this Section 11.16.

Section 11.17 No Waiver of Privilege; Protection from Disclosure or Use. Nothing in this Agreement will be deemed to be a waiver of any attorney-client privilege, work product protection, or other protection from disclosure or use. The Parties have undertaken reasonable efforts to prevent the disclosure of any information that may be confidential, subject to a claim of privilege, or otherwise protected from disclosure or use but, notwithstanding such efforts, the consummation of the transactions contemplated by this Agreement could result in the inadvertent disclosure of such information. The Parties agree that any such inadvertent disclosure of information that may be confidential, subject to a claim of privilege, or otherwise protected from disclosure or use will not constitute a waiver of or otherwise prejudice any claim of confidentiality, privilege, or protection from disclosure, and further agree to use reasonable best efforts to return any inadvertently disclosed information to the disclosing Party promptly upon becoming aware of its existence. Promptly following the return of any inadvertently disclosed information, the Party returning such information shall destroy any and all copies, summaries, descriptions, or notes of such inadvertently disclosed information, including electronic versions thereof, and all portions of larger documents or communications that contain such copies, summaries, descriptions, or notes.

Section 11.18 Counterparts. This Agreement may be executed in counterparts (including using any electronic signature covered by the United States ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable Law, e.g., www.docusign.com), and such counterparts may be delivered in electronic format, including by facsimile, email or other transmission method. Such delivery of counterparts shall be conclusive evidence of the intent to be bound hereby and each such counterpart, including those delivered in electronic format, and copies produced therefrom shall have the same effect as an originally signed counterpart. To the extent applicable, the foregoing constitutes the election of the Parties to invoke any law authorizing electronic signatures. Minor variations in the form of the signature page, including footers from earlier versions of this Agreement, shall be disregarded in determining a Party's intent or the effectiveness of such signature. No Party shall raise the use of the delivery of signatures to this Agreement in electronic format as a defense to the formation of a contract and each such Party forever waives any such defense.

[Remainder of page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first written above.

PURCHASER:

YUM CHINA HOLDINGS, INC.

By: /s/ Joey Wat
Name: Joey Wat
Title: Chief Executive Officer

[Signature Page to Membership Interest Purchase Agreement]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first written above.

SELLER:

YUM! BRANDS, INC.

By: /s/ Chris Turner
Name: Chris Turner
Title: Chief Executive Officer

[Signature Page to Membership Interest Purchase Agreement]

Exhibit 31.1

CERTIFICATION

I, Joey Wat, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yum China Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 10, 2026

/s/ Joey Wat
Joey Wat
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Adrian Ding, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yum China Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant, as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 10, 2026

/s/ Adrian Ding
Adrian Ding
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Yum China Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Periodic Report"), I, Joey Wat, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2026

/s/ Joey Wat
Joey Wat
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Yum China Holdings, Inc. and will be retained by Yum China Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Yum China Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Periodic Report”), I, Adrian Ding, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2026

/s/ Adrian Ding
Adrian Ding
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Yum China Holdings, Inc. and will be retained by Yum China Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.