This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full prospectus. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OUR VISION

Our vision is to become the world's most innovative pioneer in the restaurant industry. Innovation and technology have been the key pillars of our business success, extending our runway for sustainable growth, enhancing the guest experience and optimizing operations and cost efficiencies.

OVERVIEW

Yum China is the largest restaurant company in China in terms of 2019 System sales, according to the F&S Report. We had US$8.8 billion of revenue in 2019 and over 9,900 restaurants as of June 30, 2020. Our growing restaurant network consists of our flagship KFC and Pizza Hut brands, as well as emerging brands such as Little Sheep, Huang Ji Huang, COFFii & JOY, East Dawning, Taco Bell and Lavazza.

We separated from YUM on October 31, 2016, becoming an independent, publicly traded company under the ticker symbol "YUMC" on the NYSE on November 1, 2016. In connection with the separation of our Company from YUM, Yum! Restaurants Asia Pte. Ltd., a wholly-owned indirect subsidiary of YUM, and YCCL, our wholly-owned indirect subsidiary, entered into a 50-year master license agreement, pursuant to which we were granted the exclusive right to operate and sub-license the KFC, Pizza Hut and, subject to achieving certain agreed-upon milestones, Taco Bell brands in China, excluding Hong Kong, Taiwan and Macau. In exchange, we pay a license fee to YUM of 3% of the net System sales from both our Company-owned and franchise restaurants. The master license agreement can be automatically renewed 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. We own the intellectual property of the Little Sheep, Huang Ji Huang, COFFii & JOY and East Dawning concepts outright.

KFC was the first major global restaurant brand to enter China as early as 1987. With more than 30 years of operations, we have developed extensive operating experience in the China market. We have since grown to become the largest restaurant company in China in terms of 2019 System sales, with over 9,900 restaurants covering over 1,400 cities primarily in China as of June 30, 2020.

KFC is the leading and the largest QSR brand in China in terms of 2019 System sales, according to the F&S Report. As of June 30, 2020, KFC operated over 6,700 restaurants in over 1,400 cities across China.

Pizza Hut is the leading and the largest CDR brand in China in terms of 2019 System sales and number of restaurants, according to the F&S Report. As of June 30, 2020, Pizza Hut operated over 2,200 restaurants in over 500 cities across China.

Over the past three decades, we have built a significant lead not just in scale, but also in brand loyalty, development capabilities, innovative product offerings, industry-leading digital and delivery capabilities, a robust supply chain management system, a strong financial profile, a highly-talented workforce and a seasoned and passionate management team. We believe that these competitive strengths are difficult to replicate, allowing us to deliver superior value propositions to our guests and generate strong returns for our Shareholders.

OUR BUSINESS

Our Restaurant Brands

Our growing restaurant network consists of our flagship KFC and Pizza Hut brands, as well as emerging brands such as Little Sheep, Huang Ji Huang, COFFii & JOY, East Dawning, Taco Bell and Lavazza.

- *KFC*. KFC was founded in Corbin, Kentucky in the U.S. by Colonel Harland D. Sanders in 1939, and opened its first restaurant in Beijing, China as early as 1987. As of June 30, 2020, there were over 6,700 KFC restaurants in over 1,400 cities across China. In addition to the Original Recipe® chicken, KFC in China has an extensive menu featuring pork, seafood, rice dishes, fresh vegetables, soups, congee, desserts and many others, including freshly ground coffee. KFC also seeks to increase revenue from different dayparts with breakfast, coffee, dessert and delivery.

- *Pizza Hut*. Pizza Hut is a CDR brand offering multiple dayparts, including breakfast, lunch, afternoon tea and dinner. Since opening its first China restaurant unit in Beijing in 1990, Pizza Hut has grown rapidly. As of June 30, 2020, there were over 2,200 Pizza Hut restaurants in over 500 cities across China. Pizza Hut in China has an extensive menu offering a broad variety of pizzas, steaks, entrees, pasta, rice dishes, appetizers, beverages and desserts.

- *Little Sheep*. Little Sheep, with its roots in Inner Mongolia, China, specializes in "Hot Pot" cooking, which is very popular in China, particularly during the winter months. Little Sheep had over 260 restaurant units in both China and international markets as of June 30, 2020.

- *Huang Ji Huang*. In April 2020, we completed the acquisition of a controlling interest in Huang Ji Huang. Founded in 2004, Huang Ji Huang had over 600 restaurants in China and internationally as of June 30, 2020. Huang Ji Huang primarily operates a franchise model and is an industry-leading simmer pot brand.

- *COFFii & JOY*. COFFii & JOY is a coffee concept developed by us in 2018, featuring specialty coffee. As of June 30, 2020, there were 55 COFFii & JOY units in China.

- *East Dawning*. East Dawning is a Chinese QSR brand located predominantly in bustling transportation hubs. As of June 30, 2020, there were 11 East Dawning restaurant units across China.

- *Taco Bell*. Taco Bell is the world's leading western QSR brand specializing in Mexican-style food, including tacos, burritos, quesadillas, salads, nachos and similar items. We opened our first Taco Bell restaurant in Shanghai, China in December 2016. As of June 30, 2020, there were nine Taco Bell restaurant units in China.

- *Lavazza.* In April 2020, we partnered with Lavazza Group, the world-renowned family-owned Italian coffee company, and established a joint venture, to explore and develop the Lavazza coffee shop concept in China. As the first step, a new Lavazza flagship store was opened in Shanghai, China.

The following table sets forth a breakdown of our revenue by segments for the period indicated. For details of our segment reporting, see "Appendix I — Accountants' Report" to this prospectus.

	For the year ended December 31,						For the six months ended June 30,			
	2019		2018		2017		2020		2019	
									(unaudited)	
	(in millions of U.S. dollars, except percentages)									
KFC	6,040	68.8%	5,688	67.6%	5,066	65.2%	2,576	70.5%	3,050	68.9%
Pizza Hut	2,054	23.4%	2,111	25.1%	2,093	26.9%	748	20.5%	1,053	23.8%
All other segments(1)	158	1.8%	115	1.4%	106	1.4%	78	2.1%	64	1.4%
Corporate and unallocated(2)	562	6.4%	517	6.1%	504	6.5%	271	7.4%	280	6.3%
Subtotal	*8,814*	*100.4%*	*8,431*	*100.2%*	*7,769*	*100.0%*	*3,673*	*100.5%*	*4,447*	*100.4%*
Elimination	(38)	(0.4)%	(16)	(0.2)%	–	–	(17)	(0.5)%	(19)	(0.4)%
Total revenues	**8,776**	**100.0%**	**8,415**	**100.0%**	**7,769**	**100.0%**	**3,656**	**100.0%**	**4,428**	**100.0%**

(1) Representing revenue we generated from Little Sheep, Huang Ji Huang, COFFii & JOY, East Dawning, Taco Bell, Daojia, and our e-commerce business.

(2) Primarily includes revenues from transactions with franchisees and unconsolidated affiliates derived from our central procurement model whereby food and paper products are centrally purchased and then mainly sold to KFC and Pizza Hut franchisees and unconsolidated affiliates. They represent amounts that have not been allocated to any segment for performance reporting purposes.

Our Restaurant Network

The following table sets forth the total number of restaurant units and their movement for the period indicated.

	For the six months ended June 30,	For the year ended December 31,		
	2020	**2019**	**2018**	**2017**
Number of restaurant units at the beginning of the period				
KFC	6,534	5,910	5,488	5,224
Pizza Hut	2,281	2,240	2,195	2,081
Other brands[1]	385	334	300	257
Total	**9,200**	**8,484**	**7,983**	**7,562**
Number of new restaurant units opened or acquired during the period				
KFC	307	742	566	408
Pizza Hut	19	132	157	180
Other brands[1]	648[2]	132	96	103
Total	**974**	**1,006**	**819**	**691**
Number of restaurant units closed during the period[3]				
KFC	92	118	144	144
Pizza Hut	42	91	112	66
Other brands[1]	86	81	62	60
Total	**220**	**290**	**318**	**270**
Number of restaurant units at the end of the period				
KFC	6,749	6,534	5,910	5,488
Pizza Hut	2,258	2,281	2,240	2,195
Other brands[1]	947	385	334	300
Total	**9,954**	**9,200**	**8,484**	**7,983**

(1) Other brands include Little Sheep, Huang Ji Huang, COFFii & JOY, East Dawning, Taco Bell and Lavazza restaurant units.

(2) Including the restaurants of Huang Ji Huang as a result of the acquisition.

(3) Our restaurant closures during the Track Record Period were primarily due to termination or non-renewal of leases, store relocations and other commercial reasons, including closure of under-performing stores.

As of June 30, 2020, 1,527 of our 9,954 restaurants were franchise restaurants, among which 571 were KFC restaurants, 108 were Pizza Hut restaurants and over 600 were Huang Ji Huang restaurants. In addition, as of the same date, approximately 10% of our restaurants were unconsolidated affiliates. These unconsolidated affiliates are held by PRC joint venture entities partially owned by us, which helped KFC establish its initial presence in certain regions of China. Set forth below is a breakdown of our restaurant unit count for the period indicated.

	As of June 30,	**As of December 31,**		
	2020	**2019**	**2018**	**2017**
Company-owned				
KFC	5,231	5,083	4,597[1]	4,112
Pizza Hut	2,150	2,178	2,188	2,166
Other brands	98	94	47	29
Subtotal	*7,479*	*7,355*	*6,832*	*6,307*
Unconsolidated affiliates				
KFC	947	896	811[1]	891
Pizza Hut	–	–	–	–
Other brands	–	–	–	–
Subtotal	*947*	*896*	*811*	*891*
Franchises				
KFC	571	555	502	485
Pizza Hut	108	103	52	29
Other brands	848	291	287	271
Subtotal	*1,527*	*949*	*841*	*785*
Others[2]	1	–	–	–
Total	**9,954**	**9,200**	**8,484**	**7,983**

(1) As a result of the acquisition of Wuxi KFC as disclosed in Note 1 of "Appendix I — Accountants' Report," the restaurant units of Wuxi KFC have been transferred from unconsolidated affiliates to Company-owned.
(2) Representing the Lavazza flagship store we opened in Shanghai, China.

Restaurant Performance Data

The following table sets forth our same-store sales growth[1] (decline) for the period indicated.

	2020 1H	**2019**	**2018**
KFC	(11)%	4%	2%
Pizza Hut	(22)%	1%	(5)%
Overall	(13)%	3%	1%

(1) Same-store sales growth (decline) represents 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. Same-store sales growth (decline) percentages as shown in the table above exclude the impact of F/X.

The following table sets forth the same-store number of transaction growth (decline) and ticket average growth (decline) for KFC and Pizza Hut for the period indicated.

	2020 1H	2019	2018
Same-store number of transaction growth (decline)[(1)]			
KFC	(24)%	1%	(1)%
Pizza Hut	(15)%	7%	(2)%
Same-store ticket average growth (decline)[(2)]			
KFC	18%	3%	3%
Pizza Hut	(8)%	(6)%	(2)%

(1) Same-store number of transaction growth (decline) represents the estimated period-over-period percentage change in the number of transactions 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.

(2) Ticket average is calculated by dividing restaurant sales by the number of transactions. Same-store ticket average growth (decline) represents the estimated period-over period percentage change in ticket average 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.

Same-store sales growth of KFC in 2018 and 2019 were led by the growth in delivery sales, product and value innovation, effective marketing campaigns and pricing. Same-store sales for Pizza Hut declined by 5% in 2018 due to the decline in the number of transactions and increased promotional activities to improve value proposition (which reduced ticket averages). Same store sales for Pizza Hut increased by 1% in 2019 as a result of the improvement in value proposition and general revitalization initiatives undertaken. Same-store sales decline of KFC and Pizza Hut in the six months ended June 30, 2020 was primarily due to the impact of the COVID-19 pandemic.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and set us apart from competitors: (i) we are the largest restaurant company in China with unparalleled scale and strong brand recognition; (ii) we enjoy rapid and profitable growth enabled by proprietary local know-how and development capabilities; (iii) we are a pioneer of an innovative restaurant model with strong digital and delivery execution, providing a superior brand value proposition to guests; (iv) we have the highest commitment to food safety with world-class supply chain management and operations; (v) we have strong financial performance; and (vi) we have a seasoned and passionate senior management team and committed restaurant management team empowered by a culture of founder's mentality and the spirit of innovation.

BUSINESS STRATEGY

Our primary strategy is to grow sales and profits across our portfolio of brands through organic growth, growth of franchises and development of new restaurant concepts, along with growing our online business. We intend to implement our primary strategy through the following components: (i) continue to strategically expand our restaurant network; (ii) continue to improve unit-level performance and develop new sources of revenue; (iii) continue to invest in technology, with a focus on our digital and delivery capabilities; (iv) strategically expand our restaurant portfolio; and (v) prudently pursue investments in high-quality assets.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Nutritious Food

We are committed to providing safe and nutritious food in a way that is economically, socially and environmentally sustainable. For example, we advocated well balanced diet, less sugar, less oil, less salt by using a wide variety of ingredients such as meat, poultry, grains, dairy products, fruits and vegetables and application of multiple cooking methods in the preparation of food, including frying, roasting, boiling, sautéing and grilling. We increase the use of grains, fruits and vegetables, beans and nuts to enrich menu choices and provide customers with balanced meals. For example, we use more than 50 varieties of fruits and vegetables in our food.

Packaging

We aim to reduce our environmental footprint through 4R Principles (Reduce, Reuse, Recycle and Replace) with the application of new packaging solutions, new materials, innovative technologies and various other methods. We follow local regulations on classification of waste generated during restaurant operation, and engage our customers and other stakeholders to drive for plastic and waste reduction. Below are some examples of our ESG achievements.

- In 2019, we saved over 8,000 tons of paper packaging and 1,000 tons of plastic packaging through packaging reduction initiatives.

- In 2019, we saved more than 2,000 tons of paper packaging and reduced approximately 20% of restaurant waste through the use of reusable serving basket. The reusable serving baskets have been rolled to all KFC restaurants across China.

Food Waste

We also strive to reduce food waste at our restaurants. In 2019, we introduced sophisticated kitchen equipment and AI technology for precise production forecasting, improved cold chain to reduce food loss, and strengthened the back of house operation, which effectively reduced the loss and waste of chicken products. We successfully saved about 50 tons of food loss through these technologies in 2019.

Supply Chain

We are dedicated to developing innovative programs to improve sustainability performance across our supply chain. Since becoming a member of Roundtable on Sustainable Palm Oil (“RSPO”) in 2017, all of our purchased palm oil has been RSPO certified. We only purchase poultry from large-scale poultry suppliers that demonstrate and maintain compliance with animal welfare regulations and practices, as well as our animal welfare guidelines. Further, we have also promote Yum China Good Agricultural Practices at upstream vegetable bases with rigorous control of base selection, soil and water safety, planting technology, pesticide management, fertilizer use, and good practices operations

Social and Community

Our social and community sustainability efforts primarily focus on four areas — poverty alleviation, community care, child and youth development and advocacy for healthy lifestyles. We founded “The One Yuan Donation” program in 2008 in partnership with China Foundation for Poverty Alleviation. We also launched KFC Angel Restaurants in 2012, which has created over 400 employment opportunities for people with special needs since then. In

2016, KFC partnered with the China Children and Teenagers' Fund to launch a fund for left-behind and migrant children. By the end of 2019, KFC had donated over 1,800 reading corners to communities and schools with where left-behind and migrant children gathered.

Corporate Governance

We had a long history of internal control in accordance with the United States standards and we have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. We have established three Board committees to oversee specific risks in our business operations, including the Audit Committee, Compensation Committee and Food Safety Committee.

For details, see "Business — Sustainability" and "Business — Environment, Social and Governance."

SUMMARY OF FINANCIAL INFORMATION

The select historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report set out in Appendix I to this prospectus, as well as the information set forth in "Financial Information" of this prospectus. Our financial information was prepared in accordance with U.S. GAAP. Tabular amounts below are displayed in millions of U.S. dollars except as otherwise specifically identified.

Summary Data from Consolidated Statements of Income

The following table sets forth select data from our consolidated statements of income for the period indicated.

	For the year ended December 31,			For the six months ended June 30,		%B/(W)[1]					
	2019	2018	2017	2020	2019	2019		2018		2020 1H	
					(unaudited)	Reported	Ex F/X[2]	Reported	Ex F/X[2]	Reported	Ex F/X[2]
	(in millions of U.S. dollars, except percentages)										
Company sales	7,925	7,633	6,993	3,240	4,015	4	9	9	7	(19)	(16)
Franchise fees and income	148	141	141	72	75	5	9	1	(2)	(4)	(1)
Revenues from transactions with franchisees and unconsolidated affiliates	654	603	599	318	324	9	13	1	(1)	(2)	1
Other revenues	49	38	36	26	14	31	34	4	4	86	94
Total revenues	**8,776**	**8,415**	**7,769**	**3,656**	**4,428**	4	9	8	6	(17)	(15)
Restaurant profit	**1,266**	**1,199**	**1,171**	**396**	**669**	6	11	2	(1)	(41)	(39)
Restaurant margin %	16.0%	15.7%	16.7%	12.2%	16.7%	0.3 ppts.	0.3 ppts.	(1.0) ppts.	(1.0) ppts.	(4.5) ppts.	(4.5) ppts.
Operating profit	**901**	**941**	**778**	**225**	**507**	(4)	1	21	16	(56)	(54)
Interest income, net	39	36	25	17	19	7	12	47	44	(8)	(4)
Investment gain (loss)	63	(27)	–	37	27	NM[3]	NM[3]	NM[3]	NM[3]	40	40
Income tax provision	(260)	(214)	(379)	(77)	(139)	(21)	(26)	43	45	44	43
Net income – including non-controlling interests	743	736	424	202	414	1	6	74	66	(51)	(49)
Net income – non-controlling interests	30	28	26	8	14	(6)	(11)	(7)	(4)	44	42
Net income – Yum China Holdings, Inc.	**713**	**708**[4]	**398**	**194**[5]	**400**	1	6	78	70	(52)	(50)

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

(2) Represents percentage changes excluding the impact of F/X. For more details, see "Financial Information — Overview."

(3) NM refers to change over 100%, from negative to positive amounts or from zero to an amount.

(4) Our net income increased from US$398 million in 2017 to US$708 million in 2018, primarily due to (i) a US$163 million increase in operating profit in 2018, which was driven by strong sales, a gain recognized from re-measurement of our previously held equity interest in Wuxi KFC at fair value upon acquisition, G&A expenses savings and productivity improvements, partially offset by wage and commodity inflation, and higher investment in product upgrades and promotions; and (ii) a US$165 million decrease in income tax provisions primarily driven by an additional income tax expenses of US$164 million recorded in 2017, the period in which the Tax Act was enacted. We completed our analysis of the U.S. Tax Act in the fourth quarter of 2018 and made an adjustment of US$36 million to reduce the provisional amount for transition tax recorded in 2017 based on the guidance released by the U.S. Treasury Department and IRS as of December 2018. For details, see "Financial Information — Results of Operations."

(5) Our net income decreased from US$400 million in the six months ended June 30, 2019 to US$194 million in the six months ended June 30, 2020, mainly due to the decrease in operating profit driven by same-store sales decline and temporary store closures due to the impact of the COVID-19 pandemic. For details, see "— The Impact of the COVID-19 Pandemic" and "Financial Information — Results of Operations."

Summary Data from Consolidated Statements of Cash Flows

The following table sets forth select data from our consolidated statements of cash flow for the period indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2019	2018	2017	2020	2019
					(unaudited)
	(in millions of U.S. dollars)				
Net cash provided by operating activities	1,185	1,333	884	452	657
Net cash used in investing activities	(910)	(552)	(557)	(761)	(368)
Net cash used in financing activities	(480)	(518)	(185)	(59)	(259)

Summary Data from Our Consolidated Balance Sheets

The following table sets forth select data from our consolidated balance sheets as of the date indicated.

	As of June 30,	As of December 31,		
	2020	2019	2018	2017
	(in millions of U.S. dollars)			
Cash and cash equivalents	674	1,046	1,266	1,059
Short-term investments	1,034	611	122	205
Accounts receivable, net	83	88	80	79
Inventories, net	346	380	307	297
Prepaid expenses and other current assets	166	134	177	162
Property, plant and equipment, net	1,504	1,594	1,615	1,691
Operating lease right-of-use assets	1,886	1,985	–	–
Goodwill	309	254	266	108
Intangible assets, net	183	94	116	101
Deferred income taxes	99	95	89	105
Investments in unconsolidated affiliates	68	89	81	95
Other assets	611	580	491	385
Total Assets	**6,963**	**6,950**	**4,610**	**4,287**
Accounts payable and other current liabilities	1,660	1,691	1,199	985
Income taxes payable	63	45	54	39
Non-current operating lease liabilities	1,677	1,803	–	–
Non-current finance lease obligations	24	26	25	28
Other liabilities	252	210	355	388
Total Liabilities	3,676	3,775	1,633	1,440
Redeemable Noncontrolling Interest	12	–	1	5
Total Yum China Holdings, Inc. Stockholders' Equity	3,203	3,077	2,873	2,765
Noncontrolling interests	72	98	103	77
Total Equity	3,275	3,175	2,976	2,842
Net current assets[(1)]	**580**	**523**	**699**	**778**

(1) Net current assets equal total current assets less total current liabilities. For details, see "Financial Information — Working Capital".

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumption that, upon the completion of the Global Offering, 41,910,700 Shares are issued and the Over-allotment Option is not exercised.

	Based on an indicative maximum Public Offer Price of HK$468.00 per Share
Market capitalization of our Shares[1]	HK$196,142 million
Unaudited pro forma adjusted net tangible assets per Share[2]	12.53

(1) The calculation of market capitalization is based on 419,106,379 Shares expected to be in issue immediately upon completion of the Global Offering, without taking into account any allotment and issuance of Shares upon exercise of the Over-allotment Option or pursuant to the 2016 Plan, the Warrant 1 and the Warrant 2.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated after making adjustments referred to in "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus.

DETERMINATION OF OFFER PRICE

We will determine the pricing for the Offer Shares for the purpose of the various offerings under the Global Offering on the Price Determination Date, which is expected to be on or about Friday, September 4, 2020 and, in any event, no later than Wednesday, September 9, 2020, by agreement with the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

We will determine the Public Offer Price by reference to, among other factors, the closing price of the Shares on the NYSE on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at **https://www.nyse.com/quote/XNYS:YUMC**), and the Public Offer Price will not be more than HK$468.00 per Hong Kong Offer Share.

We may set the International Offer Price at a level higher than the maximum Public Offer Price if (a) the Hong Kong dollar equivalent of the closing trading price of the Shares on the NYSE on the last trading day on or before the Price Determination Date were to exceed the maximum Public Offer Price as stated in this prospectus and/or (b) we believe that it is in the best interest of the Company as a listed company to set the International Offer Price at a level higher than the maximum Public Offer Price based on the level of interest expressed by professional and institutional investors during the bookbuilding process.

If the International Offer Price is set at or lower than the maximum Public Offer Price, the Public Offer Price must be set at such price which is equal to the International Offer Price. In no circumstances will we set the Public Offer Price above the maximum Public Offer Price as stated in this prospectus or the International Offer Price.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$19,274 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering based on an indicative maximum Public Offer Price of HK$468.00 per Share, and assuming the Over-allotment is not exercised. We currently intend to apply these net proceeds for the following purposes: (i) expand and deepen our restaurant network; (ii) invest in (a) digitalization and supply chain; (b) food innovation and value proposition and (c) high-quality assets; and (iii) working capital and general corporate purposes.

THE LISTING

Our Shares are currently listed and traded on the NYSE. Dealings in our Shares on the NYSE have been conducted in U.S. dollars. We have applied for a listing of our Shares on the Main Board under Chapter 19C (Secondary Listings of Qualifying Issuers) of the Hong Kong Listing Rules. Dealings in our Shares on the Hong Kong Stock Exchange will be conducted in Hong Kong Dollars. Our Shares will be traded on the Hong Kong Stock Exchange in board lots of 50 Shares. For additional information, see "Information about the Listing."

EXEMPTIONS AND WAIVERS

As we are applying for listing under Chapter 19C of the Hong Kong Listing Rules, we will not be subject to certain provisions of the Hong Kong Listing Rules, including, among others, rules on notifiable transactions, connected transactions, share option schemes, content of financial statements as well as certain other continuing obligations. In addition, in connection with the Listing, we have applied for a number of waivers and exemptions from strict compliance with the Hong Kong Listing Rules, the Companies (WUMP) Ordinance and the SFO and a ruling under the Takeovers Codes. For additional information, see "Waivers from Compliance with the Hong Kong Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance."

Among the various waivers that we have applied for, we have applied to the Hong Kong Stock Exchange for waivers from strict compliance with (i) Rules 19C.07(3) and 19C.07(7) of the Hong Kong Listing Rules in respect of certain shareholder protection requirements thereunder, see "— Our Constitutional Documents" below; and (ii) the requirements in paragraph 3(b) of Practice Note 15 to the Hong Kong Listing Rules such that we are able to spin-off a subsidiary entity and list it on the Hong Kong Stock Exchange within three years after the Listing. While we do not have any specific plans with respect to the timing or details of any potential spin-off listing on the Hong Kong Stock Exchange as of the Latest Practicable Date, in light of our Group's overall business scale and multiple restaurant brands under our operation, spinning off one or more of our business units through a listing on the Hong Kong Stock Exchange may become desirable and be in the interest of our Shareholders as a whole within three years after the Listing. As of the Latest Practicable Date, we do not have any specific plans with respect to the timing or details of any potential spin-off listing on the Hong Kong Stock Exchange, as a result we do not have any information relating to the identity of any spin-off target or any other details of any spin-off and accordingly, there will be no material omission of any information relating to any possible spin-off in this prospectus.

INCENTIVE PLAN

Our 2016 Plan is a long-term incentive plan effective on October 31, 2016, which authorizes the award of stock options, incentive options, SARs, restricted stock, stock units, RSUs, performance shares, performance units and cash incentive awards to employees and non-employee Directors. As of the Latest Practicable Date, the outstanding share incentive awards pursuant to the 2016 Plan accounted for approximately 4.0% of our total outstanding Shares of common stock. The terms of the 2016 Plan are not subject to the provisions of Chapter 17 of the Hong Kong Listing Rules. For additional information, see "Directors, Senior Management and Employees — Compensation — Incentive Plans — 2016 Plan" and "Appendix IV — Statutory and General Information — D. Incentive Plans — 2. 2016 Plan."

WARRANTS

We issued to Primavera and Ant Financial two tranches of warrants, namely Warrant 1 and Warrant 2, which may be exercised at any time through October 31, 2021, subject to customary anti-dilution adjustments, and are transferrable in the secondary market. As of the Latest Practicable Date, the total number of Shares of common stock underlying Warrant 1 and Warrant 2 accounted for approximately 4.5% of our total outstanding Shares of common stock. For additional information, see "Appendix IV — Statutory and General Information — E. Further Information about Our Warrants Granted to Primavera and Ant Financial."

OUR CONSTITUTIONAL DOCUMENTS

We are a corporation incorporated in Delaware, the United States and our affairs are governed by our Constitutional Documents and the DGCL, as well as other applicable laws, regulations, policies and procedures. The laws of Hong Kong differ in certain respects from the DGCL, and our Constitutional Documents are specific to us and include certain provisions that may be different from common practices in Hong Kong, such as (i) the absence of requirement as set out in Rule 19C.07(3) of the Hong Kong Listing Rules that the appointment, removal and remuneration of auditors must be approved by a majority of a Qualifying Issuer's members or other body that is independent of the issuer's board of directors; and (ii) the absence of requirement as set out in Rule 19C.07(7) of the Hong Kong Listing Rules that members holding a 10% minority stake in the Qualifying Issuer's total number of issued shares are able to convene an extraordinary general meeting and add resolutions to a meeting agenda. Therefore, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 19C.07(3) of the Hong Kong Listing Rules. We have also applied for, and the Stock Exchange has granted, a waiver from strict compliance with the Rule 19C.07(7) of the Hong Kong Listing Rules, subject to the conditions that: (i) our Board has resolved, subject to the completion of the Listing, at the 2021 annual meeting and at subsequent annual meetings, if necessary, to present a proposal to the Shareholders to amend our Constitutional Documents providing for the right to call a special meeting of the Company by holders of 25% or more of our outstanding Shares of common stock (the "**25% Requisition Right**"), and recommend that our Shareholders approve such proposal. The 25% Requisition Right shall be subject to customary terms and conditions; and (ii) our Board undertakes that, after the completion of the Listing and before the approval of the 25% Requisition Right by the Shareholders, in the event that shareholders holding 25% or more of our total outstanding Shares of common stock request that a special meeting be called, our Board will, subject to customary terms and conditions, support such request. See "Waivers from Compliance with the Hong Kong Listing Rules and Exemptions from Strict Compliance with the Companies (WUMP) Ordinance — Shareholder Protection" and "Appendix III — Summary of Our Constitutional Documents and the DGCL" for further details.

FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS

The following summary applies to a "non-U.S. holder" (as defined in the section headed "Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders" in Appendix III to this prospectus) of the Shares. This summary is based on current U.S. federal income and estate tax laws and is not intended to be, and should not be construed as, legal or tax advice to any prospective investor.

A more detailed summary of certain U.S. federal income and estate tax considerations relating to the ownership and disposition of the Shares by a non-U.S. holder is set out in the section headed "Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders" in Appendix III to this prospectus.

Dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a rate of 30% on the gross amount paid. It should be noted that this 30% withholding tax rate will apply to non-U.S. holders for whom the dividends constitute income "effectively connected" with a U.S. trade or business and to non-U.S. holders otherwise eligible for a reduced rate of U.S. withholding tax on such dividends under the provisions of an applicable income tax treaty in effect between the United States and another country. This is because there will not be a mechanism available through the trading, settlement and security transferring facilities in Hong Kong for such non-U.S. holders to provide to the applicable withholding agent the certifications required by applicable U.S. Treasury regulations to avoid withholding on effectively connected income or to receive the benefit of the lower applicable income tax treaty withholding tax rate with respect to U.S. source dividends. In addition, for the same reason, it is not certain whether such non-U.S. holders will be able to obtain documentation required to make or substantiate a claim with the IRS for a refund or credit of U.S. federal income tax withheld from such dividends. Non-U.S. holders may request from their brokers or custodians documentation showing the amount of dividends received and the amounts of U.S. withholding tax applied with respect to those dividends in order to substantiate their own tax refund or credit, although there is no guarantee that such documentation will be provided or that such refund or credit claim will be successful. Accordingly, such non-U.S. holders holding Hong Kong registered Shares should consider repositioning there Shares to the U.S. register as described under "Information About the Listing — Repositioning for Shares Trading and Settlement in Different Markets, Between Hong Kong and the United States" prior to the payment of a dividend. Also, non-U.S. holders should be aware that the United States has not entered into an income tax treaty with Hong Kong and certain other countries. Prospective investors are urged to consult their own tax advisors regarding the application to them of the rules governing the withholding of U.S. federal income tax, and the rules governing the making of a claim with the IRS for a refund or credit of any excess amounts U.S. federal income tax withheld, from such dividends paid to them.

Gain on Disposition of the Shares

As described more fully in the section headed "Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders" in Appendix III to this prospectus, a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on a disposition of the Shares unless:

- the gain is effectively connected with a U.S. trade or business (and, if an applicable income tax treaty so provides, is also attributable to a permanent establishment or a fixed base maintained within the United States by the non-U.S. holder);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met; or

- we are, or have been at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter), a "United States real property holding corporation" under Section 897 of the Code. We believe that we are not currently, and we do not anticipate becoming in the future, a U.S. real property holding corporation.

Federal Estate Tax

An individual non-U.S. holder who is treated as the owner, or who has made certain lifetime transfers, of an interest in the Shares will be required to include the value of the Shares in his or her gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax, unless an applicable estate or other tax treaty provides otherwise.

DIVIDENDS

We intend to retain a significant portion of our earnings to finance the operation, development and growth of our business. On October 4, 2017, our Board approved a regular quarterly cash dividend program. In 2019, 2018 and 2017, we paid dividends of US$181 million, US$161 million and US$38 million, respectively. For the six months ended June 30, 2020, we paid cash dividends of US$45 million, or US$0.12 per Share. Due to the unprecedented effects of the COVID-19 pandemic and associated economic uncertainty, we announced in April 2020 that we would temporarily suspend, through the end of the third quarter of 2020, cash dividends on our Shares. Any determination to declare and pay future cash dividends will be at the discretion of our Board and will depend on, among other things, our financial condition, results of operations, actual or anticipated cash requirements, contractual or regulatory restrictions, tax considerations and such other factors as our Board deems relevant. For more details of our dividend policy, see "Financial Information — Liquidity and Capital Resources — Dividends and Share Repurchases." Dividends paid to holders of our Hong Kong registered Shares generally will be subject to withholding of U.S. federal income tax at a rate of 30% on the gross amount paid. For details, see "Appendix III — Summary of Our Constitutional Documents and the DGCL — Material U.S. Federal Income and Estate Tax Considerations for Non-U.S. Holders — Distributions on the Shares."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$341 million (including underwriting commission). After June 30, 2020, approximately HK$7 million was charged to our consolidated statements of income, and approximately HK$334 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate. We do not expect such listing expenses to have a material adverse impact on our results of operations for the year ending December 31, 2020.

THE IMPACT OF THE COVID-19 PANDEMIC

Starting in late January 2020, the COVID-19 pandemic has significantly impacted our operations. The first three weeks of January were strong, but then the pandemic led to subsequent same-store sales declines of 40-50% compared to the comparable Chinese New Year holiday period in 2019. Approximately 35% of stores were closed by mid-February at the peak of the outbreak, with significant regional differences. For restaurants that remained open, same-store sales declined due to shortened operating hours and reduced traffic, with a significant portion of stores providing only delivery and takeaway services. As the first quarter progressed, sales performance recovered gradually, with same-store sales down approximately 20% in late March as compared to that in March 2019.

Second quarter operations improved since the COVID-19 outbreak. More than 99% of stores in China were open as of the end of July 2020, with sales and profits trending unevenly. Sales improved sequentially in April and May but softened in June. Sales were primarily impacted by significantly reduced traffic at transportation and tourist locations, delayed and shortened school holidays and re-surging regional infections.

The unevenness in recovery was most pronounced in the differences between regions and trade zones. Eastern China recovered faster than other regions. Northern China's recovery was notably slower, primarily due to more stringent public health measures. Transportation and tourist locations, which accounted for high single digits of sales, continue to experience significant year over year traffic declines. The pace of recovery also varies across days of the week. Weekdays recovered the fastest as people returned to work and school, followed by weekends, with holidays lagging behind.

Our primary focus continues to be safety, efficiency and driving traffic. We drove traffic during the second quarter by leveraging our digital and operating capabilities and adapting to changing consumer demand. While dine-in improved when compared to the beginning of the COVID-19 outbreak, delivery and takeaway continued to grow year over year and contributed over half of Company sales in the second quarter of 2020. Member sales also grew double digits year over year for the second quarter of 2020 and exceeded 60% of system sales. Digital ordering grew in popularity, accounting for approximately 80% of Company sales for the six months ended June 30, 2020. Despite the impact of COVID-19 outlined above, in the first quarter of 2020 we achieved a positive operating profit of US$97 million and positive operating cash flow of US$60 million. In the second quarter of 2020 we achieved a positive operating profit of US$128 million and positive operating cash flow of US$392 million.

However, it remains difficult to predict the full impact of the COVID-19 pandemic on the broader economy and how consumer behavior may change, and whether such change is temporary or permanent. Social distancing, telecommunicating and reductions in travel may become the new normal. These conditions could fundamentally impact the way we work and the services we provide, and could have continuing adverse effects on our results of operations, cash flows and financial condition beyond 2020. The extent to which our operations continue to be impacted by the pandemic will depend largely on future developments, which are highly uncertain and cannot be accurately predicted, including the possible reemergence and further spread of COVID-19 and the actions by the government authorities to contain the pandemic or treat its impact, among other things.

RECENT DEVELOPMENTS

In July 2020, we were named as the Official Retail Food Services Sponsor of the Olympic and Paralympic Winter Games Beijing 2022 ("Beijing 2022"). We also became an Official Sponsor of the Chinese Olympic Committee through the end of 2024. As the Official Retail Food Services Sponsor of Beijing 2022, we will provide retail food services and our brands, including KFC, Pizza Hut and others, will be on site at the Beijing 2022 venues providing food and refreshment for visitors and athletes from around the world. The sponsorship rights will also allow us to use, for advertising and promotional purposes, the Olympic marks and imagery of the Beijing 2022 Olympic Winter Games as well as marks of the Chinese Olympic Committee.

In July 2020, we reached the milestone of 10,000 stores in our restaurant network across China and overseas.

On August 3, 2020, we completed the acquisition of an additional 25% equity interest in an unconsolidated affiliate that operates KFC stores in and around Suzhou, China ("Suzhou KFC"), for cash consideration of US$149 million, increasing our equity interest in Suzhou KFC to 72%, which allowed us to consolidate Suzhou KFC.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as disclosed in this prospectus, as far as they are aware, there has been no material adverse change in our financial, trading position or prospects since June 30, 2020, being the latest date of our consolidated financial statements as set out in "Appendix I — Accountants' Report" of this prospectus, up to the date of this prospectus.

RISK FACTORS

There are certain risks involved in our business and industry, doing business in China, investing in our Shares and the Global Offering, many of which are beyond our control. Some of the major risks we face include but are not limited to the following:

- food safety and foodborne illness concerns may have an adverse effect on our reputation and business;
- any significant failure to maintain effective quality assurance systems for our restaurants could have a material adverse effect on our business, reputation, results of operations and financial condition;
- any significant liability claims, food contamination complaints from our customers or reports of incidents of food tampering could adversely affect our business, reputation, results of operations and financial condition;
- health concerns arising from outbreaks of viruses or other illnesses may have a material adverse effect on our business. We expect that the COVID-19 pandemic will have a material adverse impact on the Company's results of operations, cash flows and financial condition for the full year of 2020, and it could also have material adverse impacts for an extended period of time thereafter; and
- the operation of our restaurants is subject to the master license agreement we entered with YUM, under which, we are required to comply with certain brand standards established by YUM in connection with the licensed business and if such agreement was terminated or limited, it would materially adversely affect our brand business, results of operations and financial condition.