

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

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

Date of Report (Date of earliest event reported): February 8, 2022

Yum China Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-37762
(Commission
File Number)

81-2421743
(I.R.S. Employer
Identification No.)

**7100 Corporate Drive
Plano, Texas 75024
United States of America**

(Address, including zip code, of principal executive offices)

**Yum China Building
20 Tian Yao Qiao Road
Shanghai 200030
People's Republic of China**

(469) 980-2898

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Yum China Holdings, Inc. (the “Company”) and Lavazza Luigi S.p.A. (“Lavazza”) established a joint venture (the “Joint Venture”) to explore and develop the Lavazza coffee business in China. In order to incentivize the efforts of employees of the Company, Lavazza and the Joint Venture to execute on the Joint Venture’s business plan, including the target to open 1,000 Lavazza stores in China by 2025, the Joint Venture established an equity plan (the “JV Equity Plan”) allowing for the grant of equity awards with respect to the Joint Venture to key employees of the Joint Venture, as well as select employees of Lavazza and the Company. Under the JV Equity Plan, up to 15% of the equity in the Joint Venture may be granted as equity awards, with employees and other eligible participants of the Joint Venture, including restaurant general managers, eligible to receive up to 80% of the JV Equity Plan shares, or 12% of the equity in the Joint Venture. The remaining Equity Plan shares will be allocated to the employees of the Company and Lavazza in accordance with their respective equity interest in the Joint Venture, or up to 2% and 1%, respectively, of the equity in the Joint Venture. For the portion of the JV equity pool allocated to the Company, the Compensation Committee (the “Committee”) of the Board of Directors of the Company has discretion to award to employees of the Company who have been key contributors to the efforts of the Joint Venture and are deemed to be essential to the successful execution of the Joint Venture’s business plan.

After considering the input of the Committee’s independent compensation consultant with respect to the form and amount of equity awards to be granted to Company employees, on February 8, 2022, the Joint Venture and the Committee approved equity awards under the JV Equity Plan to certain employees of the Company, including the then-serving named executive officers of the Company, in the form of performance share units. The performance share unit awards are subject to both performance-based vesting conditions and the occurrence of a liquidity event. The performance-based vesting conditions relate to the Joint Venture’s performance with respect to revenue, store-level profitability, brand-level profitability and store count, each equally weighted, with performance to be measured on the basis of rolling last four quarters over a four-year performance period. The liquidity event vesting condition, which includes the occurrence of an initial public offering of the Joint Venture, must occur within seven years of the grant date. Any portion of the award that does not vest, either based on the achievement of the applicable performance-based vesting conditions or the non-occurrence of the liquidity event, will be forfeited in their entirety. To recognize their efforts with respect to the Joint Venture and to incentivize and galvanize their continued focus on the success of the Joint Venture, the Committee granted performance share units with the following grant-date fair values to each of the then-serving named executive officers of the Company: Ms. Joey Wat, Chief Executive Officer, \$1,000,000; Mr. Andy Yeung, Chief Financial Officer, \$200,000; Mr. Johnson Huang, General Manager, KFC, \$200,000; and Mr. Aiken Yuen, Chief People Officer, \$200,000.

The foregoing summary is qualified in its entirety by reference to the full text of the Y&L Coffee Limited Long Term Incentive Plan I, Form of Performance Share Agreement (for U.S. Tax Payers) and Form of Performance Share Agreement (for Non-U.S. Tax Payers) attached hereto as Exhibit 10.1, 10.2 and 10.3, respectively, and are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is furnished with this report:

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	Y&L Coffee Limited Long Term Incentive Plan I
10.2	Form of Performance Share Agreement (for U.S. Tax Payers)
10.3	Form of Performance Share Agreement (for Non-U.S. Tax Payers)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

YUM CHINA HOLDINGS, INC.

By: /s/ Joseph Chan

Name: Joseph Chan

Title: Chief Legal Officer

Date: February 11, 2022

WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Y&L COFFEE LIMITED LONG TERM INCENTIVE PLAN I**General**

1.1 **Purpose.** Y&L Coffee Limited Long Term Incentive Plan (the “Plan”) has been established by Y&L Coffee Limited (the “Company”) to (i) attract and retain persons eligible to participate in the Plan; (ii) motivate Participants, by means of appropriate incentives, to achieve long-range goals; (iii) provide incentive compensation opportunities that are competitive with those of other similar companies; and (iv) align the interests of Participants with those of the Company’s shareholders.

1.2 **Participation.** Subject to the terms and conditions of the Plan, the Committee shall determine and designate, from time to time, from among the Eligible Individuals, those persons who will be granted one or more Awards under the Plan, and thereby become a “Participant” in the Plan.

1.3 **Operation, Administration, and Definitions.** The operation and administration of the Plan shall be vested in the Committee, as described in Section 6. Capitalized terms in the Plan shall be defined as set forth in the Plan (including the definition provisions of Section 8 hereof).

Options and SARs**2.1 Definitions.**

- (a) The grant of an “Option” entitles the Participant to purchase a Share at an Exercise Price and during a specified time established by the Committee.
- (b) The grant of a share appreciation right (an “SAR”) entitles the Participant to receive, in cash or Shares (as determined in accordance with the terms of the Plan), value equal to (or otherwise based on) the excess of: (i) the Fair Market Value of a specified number of Shares at the time of exercise; over (ii) the aggregate Exercise Price of such number of Shares established by the Committee.

2.2 **Eligibility.** The Committee shall designate the Participants to whom Options or SARs are to be granted under this Section 2 and shall determine the number of Shares subject to each such Option or SAR and the other terms and conditions thereof, not inconsistent with the Plan. Without limiting the generality of the foregoing, the Committee may not grant dividend equivalents (current or deferred) with respect to any Option or SAR granted under the Plan.

2.3 **Exercise Price.** The “Exercise Price” of each Option or SAR granted under this Section 2 shall be established by the Committee or shall be determined by a method established by the Committee at the time the Option or SAR is granted and, to the extent applicable, determined in accordance with Code Section 409A; provided, however, for any Participant subject to U.S. taxes, the Exercise Price must equal 100% of the fair market value of an underlying Share as of the applicable date of grant, unless the Option is intended to be subject to Code Section 409A.

2.4 **Exercise/Vesting.** Except as otherwise expressly provided in the Plan, an Option or SAR granted under the Plan shall be exercisable in accordance with the following:

- (a) The terms and conditions relating to exercise and vesting of an Option or SAR shall be established by the Committee to the extent not inconsistent with the Plan and may include,

without limitation, conditions relating to the completion of a specified period of service, the occurrence of certain events, achievement of performance standards prior to exercise or achievement of share ownership guidelines by the Participant.

- (b) No Option or SAR may be exercised by a Participant prior to the date on which it is exercisable (or vested), or after the seven year anniversary of the date on which the Option or SAR was granted (or such shorter period required by law or the rules of any stock exchange on which the Shares are listed).

2.5 **Payment of Option Exercise Price.** The payment of the Exercise Price of an Option granted under this Section 2 shall be subject to the following:

- (a) Subject to the following provisions of this Section 2.5, the full Exercise Price for the Shares purchased upon the exercise of any Option shall be paid at the time of such exercise (except that, in the case of an exercise arrangement approved by the Committee and described in Section 2.5(c), payment shall be made as soon as practicable after the exercise).
- (b) The Exercise Price shall be payable in cash.
- (c) The Committee may permit a Participant to elect to pay the Exercise Price upon the exercise of an Option by irrevocably authorizing a third party to sell Shares (or a sufficient portion of the Shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise.

2.6 **Post-Exercise Limitations.** The Committee, in its discretion, may impose in the underlying Award Agreement such restrictions on Shares acquired pursuant to the exercise of an Option as it determines to be desirable, including, without limitation, restrictions relating to disposition of the Shares and forfeiture restrictions based on service, performance, share ownership by the Participant, conformity with the Company's recoupment, compensation recovery or clawback policies and such other factors as the Committee determines to be appropriate.

2.7 **No Repricing.** Except for either adjustments pursuant to Section 4.2 (relating to the adjustment of Shares), or reductions of the Exercise Price approved by the Company's shareholders, the Exercise Price for any outstanding Option or SAR may not be decreased after the date of grant nor may an outstanding Option or SAR granted under the Plan be surrendered to the Company as consideration for the grant of a replacement Option or SAR with a lower Exercise Price or another Award.

Share Awards

3.1 **Definitions.** A "Share Award" is a grant of one or more Shares or a right to receive one or more Shares, including in the form of performance share awards and restricted share units, in the future which is contingent on continuing service, the achievement of performance objectives during a specified period performance, the occurrence of certain events or other conditions or restrictions as determined by the Committee. The Share Awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee, including provisions relating to dividend or dividend equivalent rights and deferred payment or settlement. The underlying Award Agreement may provide for dividends or dividend equivalents (current or deferred) with respect to any Share Awards under the Plan. The terms of the Share Award will be set forth in the underlying Award Agreement.

3.2 **Eligibility.** The Committee shall designate the Participants to whom Share Awards are to be granted under this Section 3 and shall determine the number of Shares subject to each such Share Award and the other terms and conditions thereof, not inconsistent with the Plan.

3.3 **Vesting.** The terms and conditions relating to the vesting of a Share Award shall be established by the Committee to the extent not inconsistent with the Plan and may include, without limitation, conditions

relating to the completion of a specified period of service, the occurrence of certain events, achievement of performance standards prior to vesting or achievement of share ownership guidelines by the Participant.

3.4 **Post-Vesting Limitations.** The Committee, in its discretion, may impose in the underlying Award Agreement such restrictions on Shares acquired pursuant to the vesting of the Share Award as it determines to be desirable, including, without limitation, restrictions relating to disposition of the Shares and forfeiture restrictions based on service, performance, share ownership by the Participant, conformity with the Company's recoupment, compensation recovery or clawback policies and such other factors as the Committee determines to be appropriate.

3.5 **Settlement.** The Award Agreement shall specify the manner (Shares or cash based on the value of the underlying Shares) and time of settlement of the Share Award.

Shares Reserved and Limitations

4.1 **Shares Reserved and Other Amounts Subject to the Plan/Limitations.** The Shares for which Awards may be granted under the Plan shall be subject to the following:

- (a) Subject to the following provisions of this Section 4.1 and the provisions of Section 4.2, the maximum number of Shares that may be delivered to Participants and their beneficiaries under the Plan shall be 27,621,837 Shares.
- (b) Substitute Awards shall not reduce the number of Shares that may be issued under the Plan.
- (c) Except as expressly provided by the terms of this Plan, the issue by the Company of shares of any class, or securities convertible into shares of any class, for cash or property or for labor or services, either upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof, shall be made with respect to Awards then outstanding hereunder.
- (d) To the extent provided by the Committee, any Award may be settled in cash rather than Shares. To the extent any Shares covered by an Award are not delivered to a Participant or beneficiary because the Award is forfeited or canceled, or the Shares are not delivered because the Award is settled in cash, such Shares shall not be deemed to have been delivered for purposes of determining the maximum number of Shares available for delivery under the Plan.

4.2 **Adjustments to Shares and Share Awards.** If any change in corporate capitalization, such as a share split, reverse share split, capitalisation issue, right issue or share dividend; or any corporate transaction such as a reorganization, reclassification, merger or consolidation or separation, including a spin-off, or sale or other disposition by the Company of all or a portion of its assets, any other change in the Company's corporate structure, or any distribution to shareholders (other than a cash dividend that is not an extraordinary cash dividend) results in the outstanding Shares, or any securities exchanged therefor or received in their place, being exchanged for a different number or class of shares or other securities of the Company, or for shares or other securities of any other corporation (or new, different or additional shares or other securities of the Company or of any other corporation being received by the holders of outstanding Shares), or a material change in the market value of the outstanding Shares as a result of the change, transaction or distribution, then equitable adjustments shall be made by the Committee, as it determines are necessary and appropriate, in:

- (a) the number and type of Shares (or other property) with respect to which Awards may be granted;
- (b) the number and type of Shares (or other property) subject to outstanding Awards;
- (c) the grant or Exercise Price with respect to outstanding Awards;
- (d) the limitations set forth in Section 4.1; and

- (e) the terms, conditions or restrictions of outstanding Awards and/or Award Agreements.

However, in no event shall this Section 4.2 be construed to permit a modification (including a replacement) of an Option or SAR if such modification either: (i) would result in accelerated recognition of income or imposition of additional tax under Code Section 409A; or (ii) would cause the Option or SAR subject to the modification (or cause a replacement Option or SAR) to be subject to Code Section 409A, provided that the restriction of this subparagraph (ii) shall not apply to any Option or SAR that, at the time it is granted or otherwise, is designated as being deferred compensation subject to Code Section 409A.

Miscellaneous

5.1 **Effective Date; Duration.** The Plan shall be effective on February 8, 2022 (the “Effective Date”). The life of the Plan shall be ten years from the Effective Date, provided that upon the end of the life or in the event of Plan termination, the Plan shall remain in effect in respect of any Awards under it are outstanding.

5.2 **General Restrictions.** Distribution of Shares or other amounts under the Plan shall be subject to the following:

- (a) Notwithstanding any other provision of the Plan, the Company shall have no liability to deliver any Shares under the Plan or make any other distribution of benefits under the Plan unless such delivery or distribution would comply with all applicable laws, and the applicable requirements of any securities exchange or similar entity.
- (b) To the extent that the Plan provides for issuance of share certificates to reflect the issuance of Shares, the issuance may be effected on a non-certificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

5.3 **Tax Withholding.** All distributions under the Plan are subject to withholding of all applicable taxes, and the Committee may condition the delivery of any Shares or other benefits under the Plan on satisfaction of the applicable withholding obligations. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through cash payment by the Participant.

5.4 **Grant and Use of Awards.** Subject to Section 4.1, in the discretion of the Committee, a Participant may be granted any Award permitted under the provisions of the Plan in the discretion of the Committee, and more than one Award may be granted to a Participant. Subject to Section 2.7, Awards may be granted as alternatives to or replacement of Awards granted or outstanding under the Plan, or any other plan or arrangement of the Company or a Subsidiary (including a plan or arrangement of a business or entity, all or a portion of which is acquired by the Company or a Subsidiary). Subject to the overall limitation on the number of Shares that may be delivered under the Plan, the Committee may use available Shares as the form of payment for compensation, grants or rights earned or due under any other compensation plans or arrangements of the Company or a Subsidiary, including the plans and arrangements of the Company or a Subsidiary assumed in business combinations.

5.5 **Settlement and Payments.** Awards may be settled through cash payments, the delivery of Shares, the granting of replacement Awards (subject to Section 2.7), or combination thereof as the Committee shall determine. Any Award settlement, including payment deferrals, may be subject to such conditions, restrictions and contingencies as the Committee shall determine. The Committee may permit or require the deferral of any Award payment (other than Option or SAR other than to the extent permitted by Code Section 409A), subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest, or dividend equivalents, including converting such credits into deferred Share equivalents. Each Subsidiary shall be liable for payment of cash due under the Plan with respect to any Participant to the extent that such benefits are attributable to the services rendered for that Subsidiary by the Participant. Any disputes relating to liability of a Subsidiary for cash payments shall be resolved by the Committee.

5.6 **Transferability.** Awards under the Plan are not transferable except by will or the laws of descent and distribution. To the extent that Participant who receives an Award under the Plan has the right to exercise such Award, the Award may be exercised during the lifetime of the Participant only by the

Participant. Notwithstanding the foregoing provisions of this Section 5.6, if provided by the Committee, Awards may be transferred to or for the benefit of the Participant's family (including, without limitation, to a trust or partnership for the benefit of a Participant's family), subject to such procedures as the Committee may establish.

5.7 **Form and Time of Elections.** Unless otherwise specified herein, each election required or permitted to be made by any Participant or other person entitled to benefits under the Plan, and any permitted modification, or revocation thereof, shall be in writing filed with the Committee at such times, in such form, and subject to such restrictions and limitations, not inconsistent with the terms of the Plan, as the Committee shall require.

5.8 **Agreement with Company.** An Award under the Plan shall be subject to such terms and conditions, not inconsistent with the Plan, as the Committee shall, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written or electronic document as is determined by the Committee. A copy of such document shall be provided to the Participant (including through electronic delivery), and the Committee may, but need not require that the Participant sign a copy of such document. Such document is referred to in the Plan as an "Award Agreement" regardless of whether any Participant signature is required.

5.9 **Notices.** Any notice or document required to be filed with the Committee under the Plan shall be properly filed if delivered or mailed by registered mail, postage prepaid, to the Committee, in care of the Company or the Subsidiary, as applicable, at its place of business or by e-mail to such e-mail address designated by the Committee. The Committee may, by advance written notice to affected persons, revise such notice procedure from time to time. Any notice required under the Plan (other than a notice of election) may be waived by the person entitled to notice.

5.10 **Action by Company or Subsidiary.** Any action required or permitted to be taken by the Company or any Subsidiary shall be by resolution of its board of directors, or by action of one or more non-employee members of the board (including a committee of the board) who are duly authorized to act for the board, or (except to the extent prohibited by applicable law or applicable rules of any stock exchange) by a duly authorized officer of such company, or by any employee of the Company or a Subsidiary who is delegated by the board of directors authority to take such action.

5.11 **Gender and Number.** Where the context admits, words in any gender shall include any other gender, words in the singular shall include the plural and the plural shall include the singular.

5.12 **Limitation of Implied Rights.**

- (a) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any of the Subsidiaries whatsoever, including, without limitation, any specific funds, assets, or other property which the Company or any of the Subsidiaries, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Shares or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any of the Subsidiaries, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any of the Subsidiaries shall be sufficient to pay any benefits to any person.
- (b) The Plan does not constitute a contract of employment or continued service, and selection as a Participant will not give any participating employee or other individual the right to be retained in the employ of the Company or a Subsidiary or the right to continue to provide services to the Company or a Subsidiary, nor any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan. Except as otherwise provided in the Plan, no Award under the Plan shall confer upon the holder thereof any rights as a shareholder of the Company prior to the date on which the individual fulfills all conditions for receipt of such rights and Shares are registered in his name.

5.13 **Evidence.** Evidence required of anyone under the Plan may be by certificate, affidavit, document or other information which the person acting on it considers pertinent and reliable, and signed, made or presented by the proper party or parties.

5.14 **Misconduct.** Subject to applicable law, if the Committee determines that a present or former employee has (a) used for profit or disclosed to unauthorized persons, confidential or trade secrets of the Company or any Subsidiary; (b) breached any contract with or violated any fiduciary obligation to the Company or any Subsidiary; or (c) engaged in any conduct which the Committee determines is injurious to the Company or its Subsidiaries, the Committee may cause that employee to forfeit his or her outstanding awards under the Plan. Nothing contained in this Section 5.14 is intended to limit the Participant's ability to (i) report possible violations of law or regulation to, or file a charge or complaint with, any governmental agency or commission, including the Securities and Exchange Commission, ("Government Agencies"), (ii) communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company or (iii) under applicable United States federal law to (A) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (B) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

5.15 **Restrictions on Shares and Awards.** The Committee, in its discretion, may impose such restrictions on Shares acquired pursuant to the Plan, whether pursuant to the exercise of an Option or SAR, settlement of a Share Award or otherwise, as it determines to be desirable, including, without limitation, restrictions relating to disposition of the Shares and forfeiture restrictions based on service, performance, share ownership by the Participant, conformity with the Company's recoupment, compensation recovery, or clawback policies and such other factors as the Committee determines to be appropriate. Without limiting the generality of the foregoing, unless otherwise specified by the Committee, any awards under the Plan and any Shares issued pursuant to the Plan shall be subject to the Company's compensation recovery, clawback, and recoupment policies as in effect from time to time. This section 5.15 shall survive notwithstanding termination of the Plan, exercise of the Options or SARs and settlement of the Share Awards.

5.16 **Applicable Law.** The provisions of the Plan shall be construed in accordance with the laws of Hong Kong Special Administrative Region, without giving effect to choice of law principles.

Committee

6.1 **Administration.** The authority to control and manage the operation and administration of the Plan shall be vested in a committee (the "Committee") in accordance with this Section 6. The Committee shall be selected by the Board, and shall consist solely of two or more non-employee members of the Board. If the Committee does not exist, or for any other reason determined by the Board, the Board may take any action under the Plan that would otherwise be the responsibility of the Committee. As of the Effective Date, the Committee shall mean the Board.

6.2 **Powers of Committee.** The Committee's administration of the Plan shall be subject to the following:

- (a) Subject to the provisions of the Plan, the Committee will have the authority and discretion to select from among the Eligible Individuals those persons who shall receive Awards, to determine the time or times of receipt, to determine the types of Awards and the number of Shares covered by the Awards, to establish the terms, conditions, performance targets, restrictions, and other provisions of such Awards, and, subject to the restrictions imposed by Section 7, to cancel or suspend Awards, reissue Awards, and accelerate the exercisability or vesting of any Award. In making such Award determinations, the Committee may take into account the nature of services rendered by the respective employee, the individual's present and potential contribution to the Company's or a Subsidiary's success and such other factors as the Committee deems relevant.
- (b) To the extent that the Committee determines that the restrictions imposed by the Plan preclude the achievement of the material purposes of the Awards, the Committee will have the authority and discretion to modify those restrictions as the Committee determines to be necessary or appropriate to conform to applicable requirements or practices.

- (c) The Committee will have the authority and discretion to conclusively interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreement made pursuant to the Plan, and to make all other determinations that may be necessary or advisable for the administration of the Plan.
- (d) Any interpretation of the Plan by the Committee and any decision made by it under the Plan is final and binding on all persons.
- (e) In controlling and managing the operation and administration of the Plan, the Committee shall take action in a manner that conforms to the articles of association of the Company, and applicable laws.

6.3 **Delegation by Committee.** Except to the extent prohibited by applicable law or the applicable rules of a stock exchange on which the Shares are listed, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time.

6.4 **Information to be Furnished to Committee.** The Company and the Subsidiaries shall furnish the Committee with such data and information as it determines may be required for it to discharge its duties. The records of the Company and the Subsidiaries as to an individual's or Participant's employment (or other provision of services), termination of employment (or cessation of the provision of services), leave of absence, reemployment and compensation shall be conclusive on all persons unless determined to be incorrect. Participants and other persons entitled to benefits under the Plan must furnish the Committee such evidence, data or information as the Committee considers desirable to carry out the terms of the Plan.

6.5 **Limitation on Liability and Indemnification of Committee.** No member or authorized delegate of the Committee shall be liable to any person for any action taken or omitted in connection with the administration of the Plan unless attributable to his own fraud or willful misconduct; nor shall the Company or any Subsidiary be liable to any person for any such action unless attributable to fraud or willful misconduct on the part of a director or employee of the Company or Subsidiary. The Committee, the individual members thereof, and persons acting as the authorized delegates of the Committee under the Plan, shall be indemnified by the Company against any and all liabilities, losses, costs and expenses (including legal fees and expenses) of whatsoever kind and nature which may be imposed on, incurred by or asserted against the Committee or its members or authorized delegates by reason of the performance of a Committee function if the Committee or its members or authorized delegates did not act dishonestly or in willful violation of the law or regulation under which such liability, loss, cost or expense arises. This indemnification shall not duplicate but may supplement any coverage available under any applicable insurance.

Amendment and Termination

The Board may, at any time, amend or terminate the Plan (and the Committee may amend any Award Agreement); provided, however, that no amendment or termination of the Plan or amendment of any Award Agreement may, in the absence of written consent to the change by the affected Participant (or, if the Participant is not then living, the affected beneficiary), adversely affect the rights of any Participant or beneficiary under any Award granted under the Plan prior to the date such amendment is adopted by the Board or the Committee, as applicable; and provided further that, adjustments pursuant to Section 4.2 shall not be subject to the foregoing limitations of this Section 7; and provided further that, amendments to the provisions of Section 2.7 (relating to Option and SAR repricing), amendments expanding the group of Eligible Individuals, or amendments to or increases in the number of Shares reserved under the Plan will not be effective unless approved by the Company's shareholders; and provided further that, no other amendment shall be made to the Plan without the approval of the Company's shareholders if such approval is required by law or the rules of any stock exchange on which the Shares are listed. It is the intention of the Company that, to the extent that any provisions of this Plan or any Awards granted hereunder are subject to Code Section 409A, the Plan and the Awards comply with the requirements of Code Section 409A and that the Board shall have the authority to amend the Plan as it deems necessary or desirable to conform to Code Section 409A. Notwithstanding the foregoing, neither the Company nor the Subsidiaries guarantee that Awards under the Plan will comply with Code Section 409A and the Committee is under no obligation to make any changes to any Award to cause such compliance.

Defined Terms

In addition to the other definitions contained herein, the following definitions shall apply:

- (a) **Award.** The term “Award” shall mean any award or benefit granted under the Plan, including, without limitation, the grant of Options, SARs, or Share Awards.
- (b) **Award Agreement.** The term “Award Agreement” is defined in Section 5.8.
- (c) **Board.** The term “Board” shall mean the Board of directors of the Company.
- (d) **Code.** The term “Code” shall mean the United States Internal Revenue Code of 1986, as amended. A reference to any Code provision shall include reference to any successor provision of the Code.
- (e) **Committee.** The term “Committee” is defined in Section 6.1.
- (f) **Effective Date.** The term “Effective Date” is defined in Section 5.1.
- (g) **Eligible Individual.** For purposes of the Plan, the term “Eligible Individual” shall mean any officer, director or other employee of the Company or its Subsidiaries or the parent or the holding company of the Company, consultants of the Company or a Subsidiary. For the avoidance of doubt, for so long as Yum China Holdings, Inc. remains the holding company of the Company, officers, directors and other employees of Yum China Holdings, Inc. that render services to or with respect to the Company shall also be deemed an Eligible Individual.
- (h) **Exercise Price.** The term “Exercise Price” is defined in Section 2.3.
- (i) **Fair Market Value.** The “Fair Market Value” of a Share means, as of any date, the value determined in accordance with the following rules:
 - (i) If the Shares are at the time listed or admitted to trading on any stock exchange, then the Fair Market Value shall be the closing price per Share on such date on the principal exchange on which the Shares are then listed or admitted to trading or, if no such sale is reported on that date, on the last preceding date on which a sale was so reported.
 - (ii) If the Shares are not at the time listed or admitted to trading on a stock exchange, the Fair Market Value shall be the closing average of the closing bid and asked price of a Share on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Committee and regularly reporting the market price of the Shares in such market.
 - (iii) If the Shares are not listed or admitted to trading on any stock exchange or traded in the over-the-counter market, the Fair Market Value shall be as determined by the Committee in good faith and, to the extent applicable, Code Section 409A.
- (j) **Participant.** The term “Participant” is defined in Section 1.2.
- (k) **Subsidiaries.** The term “Subsidiary” shall mean any entity regarded as a subsidiary pursuant to the Companies Ordinance of Hong Kong (Chapter 622 of the laws of Hong Kong).
- (l) **Substitute Award.** The term “Substitute Award” means an Award granted or Shares issued by the Company in assumption of, or in substitution or exchange for, an award previously granted, or the right or obligation to make a future award, in all cases by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines. In no event shall the issuance of Substitute Awards change the terms of such previously granted awards such

that the change, if applied to a current Award, would be prohibited under the provisions of Section 2.7.

(m) **Share.** The term “Share” shall mean ordinary shares of the Company.

WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Y&L COFFEE LIMITED
LONG TERM INCENTIVE PLAN
PERFORMANCE SHARE AGREEMENT

This Performance Share Agreement is made as of the **[Insert]** day of **[Insert]**, 2022 (the “Grant Date”), by and between Y&L Coffee Limited, a Hong Kong company having its registered office at **[Insert]** (the “Company”), and **[Insert]** (the “Participant”).

WITNESSETH:

WHEREAS, the Board of Directors and the shareholders of the Company, approved the Y&L Coffee Limited Long Term Incentive Plan (the “Plan”), for the purposes and subject to the provisions set forth in the Plan;

WHEREAS, pursuant to authority granted to it in said Plan, the Committee (as defined in the Plan), has decided to granted to the Participant a performance share award with respect to the number of ordinary shares of the Company as set forth below;

WHEREAS, a performance share award granted under the Plan are to be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee shall determine;

WHEREAS, capitalized terms used but not defined in this Performance Share Agreement shall have the meaning set forth in the Plan;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of the Participant’s present and potential contribution to the success of the Company and its Subsidiaries (collectively the “Company Group”), the Company hereby grants to the Participant, on the terms and conditions set forth in this Performance Share Agreement, including any country-specific terms set forth in the attached addendum (the “Addendum,” together with the Performance Share Agreement, the “Agreement”) and the Plan, performance shares with respect to (XXX) ordinary shares of the Company, with no par value (“Share”). The right to receive each such Share is referred to herein as a “Performance Share”.

2. Vesting.

2.1. The Performance Shares will become vested based on the achievement of the (i) Performance Goals set forth in the table below before the expiration of a performance period beginning on January 1, 2022 and ending December 31, 2025 (the “Performance Period”) and (ii) the occurrence of the earlier of (x) an IPO and (y) a Corporate Transaction on or before the seven-year anniversary of the Grant Date (the “Liquidity Performance Period”).

The Committee shall determine the achievement of the Performance Goals in writing prior to the settlement of the Performance Shares. If a Performance Goal is not achieved prior to the expiration of the Performance Period, the Performance Shares associated with such Performance Goal shall be forfeited for no consideration; provided, further, if neither a Corporate Transaction nor IPO is achieved prior to the expiration of the Liquidity Performance Period, the entire Performance Share Award shall be forfeited for no consideration. The later of the date on which

the Performance Goal and the IPO or Corporate Transaction, as applicable, is achieved shall be referred to as the “Vesting Date.”

Performance Goal	Weighting	Metric
Topline Performance	25%	Rolling Last Four Quarters Revenue(1) to achieve RMB606 million
Store-Level Profitability	25%	Rolling Last Four Quarters to achieve UC(2) breakeven
Brand-level Profitability	25%	Rolling Last Four Quarters to achieve Operating Profit(3) breakeven
Business Scale	25%	Net store count (4) to reach 1,000

(1) “Revenue” shall be defined as total revenues, on a consolidated basis, of the Company and its subsidiaries, as reported on the consolidated statements of income.

(2) “UC” shall be defined as Company restaurant profits calculated as Company sales less expenses incurred directly by our Company-owned restaurants in generating Company sales.

(3) “Operating Profit” shall be defined as total operating profits generated by the Company, excluding the impact of share-based compensation expenses and non-recurring special items such as direct expenses relating to external fund-raising (including IPO).

(4) “Net Store Count” shall be defined as the total number of coffee shops in operations, including all the Company -owned stores and franchised stores in accordance with Yum China Unit Policy.

Note: The “Revenue”, “UC”, and “Operating Profit” metrics are determined in accordance with U.S. Generally Accepted Accounting Principles excluding the foreign exchange difference arising from the translation of the financial statements of the Company and its subsidiaries, on a consolidated basis, from functional currency to reporting currency; i.e. they shall be measured on a constant currency basis with RMB: USD FX rate being 6.4528.

2.2. In the event that the Participant’s employment with YUMC Group is terminated following the achievement of a Performance Goal but prior to the occurrence of an IPO or Corporate Transaction, as applicable, by reason of death, disability, Retirement, voluntary or involuntary termination without Cause, the portion of the Performance Shares associated with the achieved Performance Goal shall remain outstanding and shall vest in the event an IPO or Corporate Transaction occurs prior to the expiration of the Liquidity Performance Period.

2.3. In the event that the Participant’s employment with YUMC Group is terminated prior to the achievement of a Performance Goal for any reason, the Performance Shares associated with such Performance Goal shall be forfeited for no consideration.

2.4. In the event that the Participant’s employment with YUMC Group is terminated involuntarily by a member of YUMC Group for Cause, the Participant shall, for no consideration, forfeit all Performance Shares to the extent not vested as of the last day of employment (as determined in accordance with Section 23(c) below).

3. Settlement.

3.1. Except as otherwise provided for in this Agreement, payment of vested Performance Shares shall be made as soon as administratively practicable after the later of (i) the achievement of the applicable Performance Goal and (ii) the IPO or Corporate Transaction, as applicable, (but in no event later than 2-1/2 months following the later of (i) and (ii)). Subject to the satisfaction of the Tax-Related Items, settlement will be made by payment in Shares; provided, that the Committee may elect to settle the Performance Shares in cash based on the Fair Market Value of the Shares on the Vesting Date. Notwithstanding the foregoing, if a termination of employment occurs under Section 2.2 before the completion of an IPO of the Company, upon the occurrence of the first Corporate Transaction, the Company shall cause vested Performance Shares to be automatically settled for cash, in lieu of Shares, on the date of completion of the Corporate Transaction as determined by the Committee. The amount payable to the Participant shall be equal to the Fair Market Value of the vested Performance Shares on the Vesting Date less the Tax-Related Items and such amount shall be payable to the Participant within 30 days following such Corporate Transaction.

4. Compensation Recovery Policy.

4.1. The Participant acknowledges and agrees that the Performance Shares granted to Participant under this Agreement shall be subject to any compensation recovery or clawback policy of the Company as in effect from time to time.

4.2. This Agreement is a voluntary agreement, and each Participant who has accepted the Agreement has chosen to do so voluntarily. The Participant understands that all the Performance Shares provided under the Agreement and all amounts paid to the individual under the Agreement are provided as an advance that is contingent on the Company's financial statements not being subject to a material restatement. As a condition of the Agreement, the Participant specifically agrees that the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Performance Shares for any individual party to such an agreement due to a material restatement of the Company's financial statements. In the event that amounts have been paid to the Participant pursuant to the Agreement and the Committee determines that the Participant must repay an amount to the Company as a result of the Committee's cancellation, rescission, suspension, withholding or other limitation or restriction of rights, the Participant agrees, as a condition of being awarded such rights, to make such repayments.

5. Responsibility for Taxes. Regardless of any action the Company or the Participant's employer (if different) (the "Employer") takes with respect to any or all income/salaries tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan that are legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains his or her responsibility and that such liability may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Participant, including the grant or vesting of the Performance Shares, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends; and (2) do not commit and are under no obligation to structure the terms of the grant or any aspect of the Participant to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax and/or social security contributions in more than one jurisdiction between the Grant Date and the date of any relevant taxable, tax and/or social security contribution withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable, tax and/or social security contribution withholding event, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, at their sole discretion, to satisfy the obligations with respect to Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to him or her by the Company and/or the Employer; or (ii) withholding from the proceeds of the sale of Shares acquired upon the vesting of the Performance Shares, either through a voluntary sale or through a mandatory sale arranged by the Company. Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent.

Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan or Participant's acquisition of Shares upon vesting of the Performance Shares that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of the Shares or any cash payment with respect to the Performance Shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

6. Nature of Grant. In accepting the Performance Shares, the Participant acknowledges, understands and agrees that:
- (a) the Plan is established voluntarily by the Company and is discretionary in nature;
 - (b) all decisions with respect to future awards under the Plan, if any, will be at the sole discretion of the Company;
 - (c) the Performance Shares and any Shares (or cash) acquired under the Plan are not part of normal or expected compensation or salary;
 - (d) the Performance Share grant and the Participant's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or the Employer or any Subsidiary or affiliate of the Company;
 - (e) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
 - (h) the Performance Shares and any Shares (or cash) acquired under the Plan are not intended to replace any pension rights or compensation;
 - (i) the Performance Shares and the Shares (or cash) acquired under the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or to the Employer and are outside the scope of the Participant's employment contract, if any; such items shall not be included in or part of any calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer; and
 - (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Shares resulting from termination of the Participant's employment by the Company or the Employer (whether or not in breach of local labor laws) and in consideration of the grant of the Performance Shares to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company, waives his or her ability, if any, to bring any such claim and releases the Company from any such claim and, notwithstanding the foregoing, if any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

7. No Advice Regarding Grant. Neither the Company nor its advisors is providing any tax, legal or financial advice, nor is the Company or its advisors making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

8. Adjustment for Change in Shares. As set forth in the Plan, in the event of any change in the outstanding Shares by reason of any share split, share dividend, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of Performance Shares subject to this Agreement shall be adjusted appropriately in the Committee's sole discretion.

9. Nontransferability. These Performance Shares are personal to the Participant. The Performance Shares shall not be transferable or assignable, other than by will or the laws of descent and distribution, and any such purported transfer or assignment shall be null and void without the express consent of the Committee.

10. Notices.

10.1 Any notice to be given to the Company under the terms of this Agreement shall be addressed to Company at **[Insert]**, Attention: **[Insert]**, or such other address (including any email address) as the Company may hereafter designate to the Participant.

10.2 Any notice to be given to the Participant under the terms of this Agreement shall be addressed to the last address (including any email address) provided to the Company by the Participant and it shall be the Participant's responsibility to update the Company on address change for purposes of the Plan and this Agreement. Any such notice shall be deemed to have been given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal or other official postal service for the Participant's country.

11. Binding Effect.

11.1 This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to the Company, whether by merger, consolidation or the sale of all or substantially all of the Company's assets. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

11.2 This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the Performance Shares may be transferred as permitted under this Agreement.

12. Acknowledgement. The Participant hereby acknowledges that he or she has received a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Performance Shares subject to all of the terms and provisions thereof. The Participant has reviewed the Plan and this Performance Share Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Performance Share Agreement and fully understands all provisions of this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or these Performance Shares.

13. Addendum. Notwithstanding any provisions herein, Participant's participation in the Plan shall be subject to any special terms and conditions set forth in the Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines in its sole discretion that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

14. Plan Controls. The Performance Shares and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any policies or regulations which govern administration of the Plan, which shall be controlling. The Company reserves its right to amend or terminate the Plan at any time without the consent of the Participant, provided, however, that Performance Shares outstanding under the Plan at the time of such amendment or termination shall not be adversely affected thereby, as set forth in Section 7 of the Plan. All interpretations or determinations of the Committee shall be final, binding and conclusive upon the Participant and his or her legal representatives on any question arising hereunder or under the Plan, or other policies or regulations which govern administration of the Plan.

15. Data Protection. By entering into this Agreement, the Participant:

(a) hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Agreement and any other grant materials, by and among, as applicable, the Employer, the Company and any Subsidiary or affiliate of the Company, for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan;

(b) acknowledges that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, his or her name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all Performance Shares or any other entitlement to Shares outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data");

(c) acknowledges and agrees that Data may be transferred to the Plan administrator or such other service provider as may be selected by the Company, which is assisting with the implementation, administration and management of the Plan (presently or in the future), that these recipients may be located in the Participant's country of residence or elsewhere, and that the recipient's country may have different data privacy laws and protections to those of the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative;

(d) authorizes the Employer, the Company, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Participant understands, however, that it is obligatory for him or her to supply the Data under this Agreement and refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

16. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Participant acknowledges and agrees that the Award and acceptance of the Performance Shares pursuant to this Agreement is voluntary and does not entitle the Participant to future grants of performance shares or other awards in the future under the Plan or any other plan, even if performance shares have been granted repeatedly in the past. The Participant further agrees to seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of performance shares and Shares, including, without limitation, currency and exchange laws, rules and regulations. The Participant shall have no rights as a shareholder of the Company, including voting and dividend rights, in respect of the Performance Shares held until Shares subject to this Agreement have vested and been issued to the Participant.

17. Governing Law & Venue. The Participant's participation in the Plan and this Agreement shall be governed by and construed in accordance with the laws of Hong Kong, without giving effect to the principles of conflicts of law thereof.

For purposes of litigating any dispute that arises in connection with this grant, the Participant's participation in the Plan or this Agreement, the parties hereby submit to and consent to the jurisdiction of the courts of Hong Kong.

18. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.
19. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.
20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.
21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local laws or to facilitate the administration of the Plan, and to require the Participant to accept the terms of any additional agreements or undertakings that may be necessary to accomplish the foregoing.
22. Section 409A of the Code. The amounts payable under this Agreement are intended to be exempt from Section 409A of the Code to the maximum extent possible and shall be interpreted accordingly. Each payment under this Agreement shall be viewed as a separate payment for purposes of Section 409A of the Code.
23. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:
- (a) "Cause" shall have the meaning set forth in any then applicable employment or other similar written agreement (including such similar term or concept, as determined by the Committee) between Participant and a member of YUMC Group, subject to the relevant provisions of applicable law in the People's Republic of China to the extent mandatorily and preemptively applicable. If there is no such written agreement or if such agreement does not define "Cause," the term "Cause" shall mean (i) the willful failure by Participant to perform Participant's duties with YUMC or its affiliates (other than any such failure resulting from Participant's incapacity due to physical or mental illness), (ii) Participant's willful misconduct that is demonstrably and materially injurious to YUMC or its affiliates, monetarily or otherwise, (iii) Participant's commission of acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude, (iv) Participant's conviction or plea of no contest to a felony (or equivalent crime in the People's Republic of China) or a crime of moral turpitude, or (v) any terminable events under YUMC's code of conduct, subject to the relevant provisions of applicable law in the People's Republic of China to the extent mandatorily and preemptively applicable.
 - (b) "IPO" shall mean any of the following events: (i) the closing of the initial public offering of securities of the class of equity securities then subject to the Performance Shares and listing on the Hong Kong Stock Exchange or a similarly established stock exchange; or (ii) the consummation of a merger, consolidation or similar transaction in which the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into securities that are publicly-traded on an established stock exchange.
 - (c) "last day of employment" shall mean the date that Participant is no longer actively employed with the Company Group and will not be extended by any notice period mandated under local law (e.g., employment would not include a period of "garden leave" or similar period pursuant to local law). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed with the Company Group for purposes of his or her Performance Share grant.
 - (d) "Corporate Transaction" shall mean a merger or sale which occurs prior to an IPO, to allow for vesting of Performance Shares associated with the achieved Performance Goal.

- (e) "Retirement" shall mean termination of employment by the Participant on or after the Participant's attainment of age 55 and 10 years of service or age 65 and 5 years of service.
- (f) "YUMC Group" shall mean Yum China Holdings, Inc. ("YUMC"), a company incorporated under the laws of the State of Delaware of the United States, and, except where the context otherwise requires, all of its subsidiaries, The term "subsidiary" shall mean any entity which is accounted for and consolidated in the audited consolidated accounts of YUMC as a subsidiary pursuant to U.S. Generally Accepted Accounting Principles and, for the purpose of this Agreement, excluding the Company Group.

By participating in the plan the Participant is deemed to accept the grant of the Performance Shares and agrees to be bound by the terms and conditions in the Plan and this Agreement.

Y&L Coffee Limited

By: _____
Date: _____

[Participant]

By: _____
Date: _____

ADDENDUM TO
Y&L COFFEE LIMITED
LONG TERM INCENTIVE PLAN
PERFORMANCE SHARE AGREEMENT

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Performance Share Agreement and the Plan.

Terms and Conditions

This Addendum includes additional terms and conditions that govern the Performance Shares granted to the Participant under the Y&L COFFEE LIMITED Long Term Incentive Plan if the Participant works and/or resides in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency and/or employment after the Grant Date, the Company shall determine to which extent the additional terms and conditions shall be applicable to the Participant.

Notifications

This Addendum also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of the Grant Date. Such laws are often complex and change frequently. As a result, the information herewith are for reference only and does not constitute any legal, tax or other advice and the Company strongly recommends that the Participant not rely on the information in this Addendum as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that Performance Shares vest or the Participant sells Share acquired at vesting of the Performance Shares under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency after the Grant Date, the information contained herein may not be applicable to the Participant in the same manner.

CHINA

Terms and Conditions

The following provisions apply only to the Participant if based/residing in the Mainland of the People's Republic of China (the "PRC"), unless otherwise determined by the Company or required by the State Administration of Foreign Exchange ("SAFE"):

Settlement and Delivery of Shares. This provision supplements Sections 3 of the Performance Share Agreement:

The settlement of the Performance Shares is conditioned on the completion of the initial registration of the Plan with SAFE and the continued effectiveness of such registration based on necessary follow-up filings with SAFE (the "SAFE Registration"). If it is unable to complete or maintain the SAFE Registration for any reason, no Shares subject to the Performance Shares shall be issued.

Mandatory Sale of Shares upon Termination of Service. To ensure compliance with SAFE regulations, and notwithstanding any provision in the Agreement, the Participant agrees that any Shares issued upon settlement of the Performance Shares and held by the Participant at the time of his or her termination of service must be sold immediately upon such termination of service. Any Share that is not sold by Participant will be sold on his or her behalf as soon as practicable after Participant's termination of service and in no event more than six months after his or her termination of service, pursuant to this authorization (i) to the Company to instruct its designated broker to sell such Shares and (ii) to the designated broker to assist with the sale of such Shares. The Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation on the Company or the Employer to satisfy any Tax-Related Items.

Broker Account. Any Shares issued to the Participant upon settlement of the Performance Shares must be maintained in an account with a Plan administrator as may be designated by the Company until the Shares are sold through that broker.

Repatriation. Pursuant to SAFE regulations in China, when the Shares acquired at the settlement of Performance Shares are sold, whether immediately or thereafter, including on the Participant's behalf after termination of his or her service, the Participant will be required to immediately repatriate, or cause the Company or any Subsidiary or the Employer to repatriate, the cash proceeds from the sale of the Shares and any cash dividends paid on such Shares to China within six months from receipt of such cash proceeds. The Participant further understands that, under local law, such repatriation of his or her cash proceeds will need to be effectuated through a special exchange control account established in China by the Company or any Subsidiary or the Employer, and the Participant hereby consents and agrees that any of such cash proceeds will be transferred to such special account prior to being delivered to the Participant. Unless the Company in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Company is under no obligation to secure any exchange conversion rate, and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions in China. The Participant agrees to bear any currency fluctuation risk between the time the cash proceeds in foreign currency are payable to the Participant (from the sale of the Shares or otherwise) and the time the cash proceeds in local currency are distributed through such special exchange control account.

Other. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with SAFE requirements and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Notifications

Foreign Asset and Account Reporting. The Participant may be required to report to SAFE all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. The Participant should consult with his or her personal advisor in order to ensure compliance with applicable reporting requirements.

WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

**Y&L COFFEE LIMITED
LONG TERM INCENTIVE PLAN
PERFORMANCE SHARE AGREEMENT**

This Performance Share Agreement is made as of the **[Insert]** day of **[Insert]**, 2022 (the “Grant Date”), by and between Y&L Coffee Limited, a Hong Kong company having its registered office at **[Insert]** (the “Company”), and **[Insert]** (the “Participant”).

W I T N E S S E T H:

WHEREAS, the Board of Directors and the shareholders of the Company, approved the Y&L Coffee Limited Long Term Incentive Plan (the “Plan”), for the purposes and subject to the provisions set forth in the Plan;

WHEREAS, pursuant to authority granted to it in said Plan, the Committee (as defined in the Plan), has decided to granted to the Participant a performance share award with respect to the number of ordinary shares of the Company as set forth below;

WHEREAS, a performance share award granted under the Plan are to be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee shall determine;

WHEREAS, capitalized terms used but not defined in this Performance Share Agreement shall have the meaning set forth in the Plan;

NOW, THEREFORE, it is mutually agreed as follows:

1. Grant. In consideration of the Participant’s present and potential contribution to the success of the Company and its Subsidiaries (collectively the “Company Group”), the Company hereby grants to the Participant, on the terms and conditions set forth in this Performance Share Agreement, including any country-specific terms set forth in the attached addendum (the “Addendum,” together with the Performance Share Agreement, the “Agreement”) and the Plan, performance shares with respect to (XXX) ordinary shares of the Company, with no par value (“Share”). The right to receive each such Share is referred to herein as a “Performance Share”.

2. Vesting.

2.1. The Performance Shares will become vested based on the achievement of the (i) Performance Goals set forth in the table below before the expiration of a performance period beginning on January 1, 2022 and ending December 31, 2025 (the “Performance Period”) and (ii) the occurrence of the earlier of (x) an IPO and (y) a Liquidity Event on or before the seven-year anniversary of the Grant Date (the “Liquidity Performance Period”).

The Committee shall determine the achievement of the Performance Goals in writing prior to the settlement of the Performance Shares. If a Performance Goal is not achieved prior to the expiration of the Performance Period, the Performance Shares associated with such Performance Goal shall be forfeited for no consideration; provided, further, if neither a Liquidity Event nor IPO is achieved prior to the expiration of the Liquidity Performance Period, the entire Performance Share Award shall be forfeited for no consideration. The later of the date on which the

Performance Goal and the IPO or Liquidity Event, as applicable, is achieved shall be referred to as the “Vesting Date.”

Performance Goal	Weighting	Metric
Topline Performance	25%	Rolling Last Four Quarters Revenue(1) to achieve RMB606 million
Store-Level Profitability	25%	Rolling Last Four Quarters to achieve UC(2) breakeven
Brand-level Profitability	25%	Rolling Last Four Quarters to achieve Operating Profit(3) breakeven
Business Scale	25%	Net store count (4) to reach 1,000

- (1) “Revenue” shall be defined as total revenues, on a consolidated basis, of the Company and its subsidiaries, as reported on the consolidated statements of income.
- (2) “UC” shall be defined as Company restaurant profits calculated as Company sales less expenses incurred directly by our Company-owned restaurants in generating Company sales.
- (3) “Operating Profit” shall be defined as total operating profits generated by the Company, excluding the impact of share-based compensation expenses and non-recurring special items such as direct expenses relating to external fund-raising (including IPO).
- (4) “Net Store Count” shall be defined as the total number of coffee shops in operations, including all the Company -owned stores and franchised stores in accordance with Yum China Unit Policy.

Note: The “Revenue”, “UC”, and “Operating Profit” metrics are determined in accordance with U.S. Generally Accepted Accounting Principles excluding the foreign exchange difference arising from the translation of the financial statements of the Company and its subsidiaries, on a consolidated basis, from functional currency to reporting currency; i.e. they shall be measured on a constant currency basis with RMB: USD FX rate being 6.4528.

2.2. In the event that the Participant’s employment with YUMC Group is terminated following the achievement of a Performance Goal but prior to the occurrence of an IPO or Liquidity Event, as applicable, by reason of death, disability, Retirement, voluntary or involuntary termination without Cause, the portion of the Performance Shares associated with the achieved Performance Goal shall remain outstanding and shall vest in the event an IPO or Liquidity Event occurs prior to the expiration of the Liquidity Performance Period.

2.3. In the event that the Participant’s employment with YUMC Group is terminated prior to the achievement of a Performance Goal for any reason, the Performance Shares associated with such Performance Goal shall be forfeited for no consideration.

2.4. In the event that the Participant’s employment with YUMC Group is terminated involuntarily by a member of YUMC Group for Cause, the Participant shall, for no consideration, forfeit all Performance Shares to the extent not vested as of the last day of employment (as determined in accordance with Section 22(c) below).

3. Settlement.

3.1. Except as otherwise provided for in this Agreement, payment of vested Performance Shares shall be made as soon as administratively practicable after the later of (i) the achievement of the applicable Performance Goal and (ii) the IPO or a Liquidity Event, as applicable, (but in no event later than 2-1/2 months following the later of (i) and (ii)). Subject to the satisfaction of the Tax-Related Items, settlement will be made by payment in Shares; provided, that the Committee may elect to settle the Performance Shares in cash based on the Fair Market Value of the Shares on the Vesting Date.

3.2 Notwithstanding Section 3.1, upon the occurrence of a Liquidity Event before the IPO, all or a portion of Performance Shares associated with achieved Performance Goal, as determined by the Committee, will become vested under procedures that the Committee shall establish at the time of the Liquidity Event, and the Company shall cause such vested Performance Shares as determined by the Committee to be automatically settled for cash, in lieu of Shares, on the date of completion of the Liquidity Event as determined by the Committee. The amount payable to the Participant shall be equal to the Fair Market Value of the vested Performance Shares on the Vesting Date less the Tax-Related Items and such amount shall be payable to the Participant within 30 days following such Liquidity Event.

4. Compensation Recovery Policy.

4.1. The Participant acknowledges and agrees that the Performance Shares granted to Participant under this Agreement shall be subject to any compensation recovery or clawback policy of the Company as in effect from time to time.

4.2. This Agreement is a voluntary agreement, and each Participant who has accepted the Agreement has chosen to do so voluntarily. The Participant understands that all the Performance Shares provided under the Agreement and all amounts paid to the individual under the Agreement are provided as an advance that is contingent on the Company's financial statements not being subject to a material restatement. As a condition of the Agreement, the Participant specifically agrees that the Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Performance Shares for any individual party to such an agreement due to a material restatement of the Company's financial statements. In the event that amounts have been paid to the Participant pursuant to the Agreement and the Committee determines that the Participant must repay an amount to the Company as a result of the Committee's cancellation, rescission, suspension, withholding or other limitation or restriction of rights, the Participant agrees, as a condition of being awarded such rights, to make such repayments.

5. Responsibility for Taxes. Regardless of any action the Company or the Participant's employer (if different) (the "Employer") takes with respect to any or all income/salaries tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan that are legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains his or her responsibility and that such liability may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Participant, including the grant or vesting of the Performance Shares, the subsequent sale of Shares acquired under the Plan and the receipt of any dividends; and (2) do not commit and are under no obligation to structure the terms of the grant or any aspect of the Participant to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax and/or social security contributions in more than one jurisdiction between the Grant Date and the date of any relevant taxable, tax and/or social security contribution withholding event, as applicable, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable, tax and/or social security contribution withholding event, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, at their sole discretion, to satisfy the obligations with respect to Tax-Related Items by one or a combination of the following: (i) withholding from the Participant's wages or other cash compensation paid to him or her by the Company and/or the Employer; or (ii) withholding from the proceeds of the sale of Shares acquired upon the vesting of the Performance Shares, either through a voluntary sale or through a mandatory sale arranged by the Company. Depending on the withholding method, the Company or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case the Participant may receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent.

Finally, the Participant shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in

the Plan or Participant's acquisition of Shares upon vesting of the Performance Shares that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of the Shares or any cash payment with respect to the Performance Shares to the Participant if the Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

6. Nature of Grant. In accepting the Performance Shares, the Participant acknowledges, understands and agrees that:
- (a) the Plan is established voluntarily by the Company and is discretionary in nature;
 - (b) all decisions with respect to future awards under the Plan, if any, will be at the sole discretion of the Company;
 - (c) the Performance Shares and any Shares (or cash) acquired under the Plan are not part of normal or expected compensation or salary;
 - (d) the Performance Share grant and the Participant's participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or the Employer or any Subsidiary or affiliate of the Company;
 - (e) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
 - (h) the Performance Shares and any Shares (or cash) acquired under the Plan are not intended to replace any pension rights or compensation;
 - (i) the Performance Shares and the Shares (or cash) acquired under the Plan are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or to the Employer and are outside the scope of the Participant's employment contract, if any; such items shall not be included in or part of any calculation of any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or the Employer; and
 - (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Shares resulting from termination of the Participant's employment by the Company or the Employer (whether or not in breach of local labor laws) and in consideration of the grant of the Performance Shares to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company, waives his or her ability, if any, to bring any such claim and releases the Company from any such claim and, notwithstanding the foregoing, if any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims.

7. No Advice Regarding Grant. Neither the Company nor its advisors is providing any tax, legal or financial advice, nor is the Company or its advisors making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

8. Adjustment for Change in Shares. As set forth in the Plan, in the event of any change in the outstanding Shares by reason of any share split, share dividend, recapitalization, merger, consolidation, combination or exchange of shares or similar corporate change, the number of Performance Shares subject to this Agreement shall be adjusted appropriately in the Committee's sole discretion.

9. Nontransferability. These Performance Shares are personal to the Participant. The Performance Shares shall not be transferable or assignable, other than by will or the laws of descent and distribution, and any such purported transfer or assignment shall be null and void without the express consent of the Committee.

10. Notices.

10.1 Any notice to be given to the Company under the terms of this Agreement shall be addressed to Company at **[Insert]**, Attention: **[Insert]**, or such other address (including any email address) as the Company may hereafter designate to the Participant.

10.2 Any notice to be given to the Participant under the terms of this Agreement shall be addressed to the last address (including any email address) provided to the Company by the Participant and it shall be the Participant's responsibility to update the Company on address change for purposes of the Plan and this Agreement. Any such notice shall be deemed to have been given when personally delivered, addressed as aforesaid, or when enclosed in a properly sealed envelope or wrapper, addressed as aforesaid, and deposited, postage prepaid, with the federal or other official postal service for the Participant's country.

11. Binding Effect.

11.1 This Agreement shall be binding upon and inure to the benefit of any assignee or successor in interest to the Company, whether by merger, consolidation or the sale of all or substantially all of the Company's assets. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

11.2 This Agreement shall be binding upon and inure to the benefit of the Participant or his or her legal representative and any person to whom the Performance Shares may be transferred as permitted under this Agreement.

12. Acknowledgement. The Participant hereby acknowledges that he or she has received a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Performance Shares subject to all of the terms and provisions thereof. The Participant has reviewed the Plan and this Performance Share Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Performance Share Agreement and fully understands all provisions of this Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or these Performance Shares.

13. Addendum. Notwithstanding any provisions herein, Participant's participation in the Plan shall be subject to any special terms and conditions set forth in the Addendum to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Addendum, the special terms and conditions for such country will apply to Participant, to the extent the Company determines in its sole discretion that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

14. Plan Controls. The Performance Shares and the terms and conditions set forth herein are subject in all respects to the terms and conditions of the Plan and any policies or regulations which govern administration of the Plan, which shall be controlling. The Company reserves its right to amend or terminate the Plan at any time without the consent of the Participant, provided, however, that Performance Shares outstanding under the Plan at the time of such amendment or termination shall not be adversely affected thereby, as set forth in Section 7 of the Plan. All interpretations or determinations of the Committee shall be final, binding and conclusive upon the Participant and his or her legal representatives on any question arising hereunder or under the Plan, or other policies or regulations which govern administration of the Plan.

15. Data Protection. *By entering into this Agreement, the Participant:*

(a) hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of his or her personal data as described in this Agreement and any other grant materials, by and among, as applicable, the Employer, the Company and any Subsidiary or affiliate of the Company, for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan;

(b) acknowledges that the Company and the Employer may hold certain personal information about him or her, including, but not limited to, his or her name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, details of all Performance Shares or any other entitlement to Shares outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Data");

(c) acknowledges and agrees that Data may be transferred to the Plan administrator or such other service provider as may be selected by the Company, which is assisting with the implementation, administration and management of the Plan (presently or in the future), that these recipients may be located in the Participant's country of residence or elsewhere, and that the recipient's country may have different data privacy laws and protections to those of the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative;

(d) authorizes the Employer, the Company, and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares acquired under the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan. The Participant understands that he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his local human resources representative. The Participant understands, however, that it is obligatory for him or her to supply the Data under this Agreement and refusing or withdrawing his or her consent may affect his or her ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

16. Rights to Future Grants; Compliance with Law. By entering into this Agreement, the Participant acknowledges and agrees that the Award and acceptance of the Performance Shares pursuant to this Agreement is voluntary and does not entitle the Participant to future grants of performance shares or other awards in the future under the Plan or any other plan, even if performance shares have been granted repeatedly in the past. The Participant further agrees to seek all necessary approval under, make all required notifications under and comply with all laws, rules and regulations applicable to the ownership of performance shares and Shares, including, without limitation, currency and exchange laws, rules and regulations. The Participant shall have no rights as a shareholder of the Company, including voting and dividend rights, in respect of the Performance Shares held until Shares subject to this Agreement have vested and been issued to the Participant.

17. Governing Law & Venue. The Participant's participation in the Plan and this Agreement shall be governed by and construed in accordance with the laws of Hong Kong, without giving effect to the principles of conflicts of law thereof.

For purposes of litigating any dispute that arises in connection with this grant, the Participant's participation in the Plan or this Agreement, the parties hereby submit to and consent to the jurisdiction of the courts of Hong Kong.

18. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

19. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

20. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

21. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local laws or to facilitate the administration of the Plan, and to require the Participant to accept the terms of any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

- (a) "Cause" shall have the meaning set forth in any then applicable employment or other similar written agreement (including such similar term or concept, as determined by the Committee) between Participant and a member of YUMC Group, subject to the relevant provisions of applicable law in the People's Republic of China to the extent mandatorily and preemptively applicable. If there is no such written agreement or if such agreement does not define "Cause," the term "Cause" shall mean (i) the willful failure by Participant to perform Participant's duties with YUMC or its affiliates (other than any such failure resulting from Participant's incapacity due to physical or mental illness), (ii) Participant's willful misconduct that is demonstrably and materially injurious to YUMC or its affiliates, monetarily or otherwise, (iii) Participant's commission of acts of dishonesty, fraud, misrepresentation or other acts of moral turpitude, (iv) Participant's conviction or plea of no contest to a felony (or equivalent crime in the People's Republic of China) or a crime of moral turpitude, or (v) any terminable events under YUMC's code of conduct, subject to the relevant provisions of applicable law in the People's Republic of China to the extent mandatorily and preemptively applicable.
- (b) "IPO" shall mean any of the following events: (i) the closing of the initial public offering of securities of the class of equity securities then subject to the Performance Shares and listing on the Hong Kong Stock Exchange or a similarly established stock exchange; or (ii) the consummation of a merger, consolidation or similar transaction in which the Shares outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into securities that are publicly-traded on an established stock exchange.
- (c) "last day of employment" shall mean the date that Participant is no longer actively employed with the Company Group and will not be extended by any notice period mandated under local law (e.g., employment would not include a period of "garden leave" or similar period pursuant to local law). The Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed with the Company Group for purposes of his or her Performance Share grant.
- (d) "Liquidity Event" shall mean any event as determined by the Committee, in its sole discretion, which occurs prior to an IPO, to allow for partial or full vesting of Performance Shares associated with the achieved Performance Goal.
- (e) "Retirement" shall mean termination of employment by the Participant on or after the Participant's attainment of age 55 and 10 years of service or age 65 and 5 years of service.

- (f) “YUMC Group” shall mean Yum China Holdings, Inc. (“YUMC”), a company incorporated under the laws of the State of Delaware of the United States, and, except where the context otherwise requires, all of its subsidiaries, The term “subsidiary” shall mean any entity which is accounted for and consolidated in the audited consolidated accounts of YUMC as a subsidiary pursuant to U.S. Generally Accepted Accounting Principles and, for the purpose of this Agreement, excluding the Company Group.

By participating in the plan the Participant is deemed to accept the grant of the Performance Shares and agrees to be bound by the terms and conditions in the Plan and this Agreement.

Y&L Coffee Limited

By: _____
Date: _____

[Participant]

By: _____
Date: _____

ADDENDUM TO
Y&L COFFEE LIMITED
LONG TERM INCENTIVE PLAN
PERFORMANCE SHARE AGREEMENT

Certain capitalized terms used but not defined in this Addendum have the meanings set forth in the Performance Share Agreement and the Plan.

Terms and Conditions

This Addendum includes additional terms and conditions that govern the Performance Shares granted to the Participant under the Y&L COFFEE LIMITED Long Term Incentive Plan if the Participant works and/or resides in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency and/or employment after the Grant Date, the Company shall determine to which extent the additional terms and conditions shall be applicable to the Participant.

Notifications

This Addendum also includes information regarding exchange controls and certain other issues of which the Participant should be aware with respect to his or her participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of **the Grant Date**. Such laws are often complex and change frequently. As a result, the information herewith are for reference only and does not constitute any legal, tax or other advice and the Company strongly recommends that the Participant not rely on the information in this Addendum as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that Performance Shares vest or the Participant sells Share acquired at vesting of the Performance Shares under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company is not in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the one in which he or she is currently residing and/or working or transfers residency after the Grant Date, the information contained herein may not be applicable to the Participant in the same manner.

CHINA

Terms and Conditions

The following provisions apply only to the Participant if based/residing in the Mainland of the People's Republic of China (the "PRC"), unless otherwise determined by the Company or required by the State Administration of Foreign Exchange ("SAFE"):

Settlement and Delivery of Shares. This provision supplements Sections 3 of the Performance Share Agreement:

The settlement of the Performance Shares is conditioned on the completion of the initial registration of the Plan with SAFE and the continued effectiveness of such registration based on necessary follow-up filings with SAFE (the "SAFE Registration"). If it is unable to complete or maintain the SAFE Registration for any reason, no Shares subject to the Performance Shares shall be issued.

Mandatory Sale of Shares upon Termination of Service. To ensure compliance with SAFE regulations, and notwithstanding any provision in the Agreement, the Participant agrees that any Shares issued upon settlement of the Performance Shares and held by the Participant at the time of his or her termination of service must be sold immediately upon such termination of service. Any Share that is not sold by Participant will be sold on his or her behalf as soon as practicable after Participant's termination of service and in no event more than six months after his or her termination of service, pursuant to this authorization (i) to the Company to instruct its designated broker to sell such Shares and (ii) to the designated broker to assist with the sale of such Shares. The Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay Participant the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation on the Company or the Employer to satisfy any Tax-Related Items.

Broker Account. Any Shares issued to the Participant upon settlement of the Performance Shares must be maintained in an account with a Plan administrator as may be designated by the Company until the Shares are sold through that broker.

Repatriation. Pursuant to SAFE regulations in China, when the Shares acquired at the settlement of Performance Shares are sold, whether immediately or thereafter, including on the Participant's behalf after termination of his or her service, the Participant will be required to immediately repatriate, or cause the Company or any Subsidiary or the Employer to repatriate, the cash proceeds from the sale of the Shares and any cash dividends paid on such Shares to China within six months from receipt of such cash proceeds. The Participant further understands that, under local law, such repatriation of his or her cash proceeds will need to be effectuated through a special exchange control account established in China by the Company or any Subsidiary or the Employer, and the Participant hereby consents and agrees that any of such cash proceeds will be transferred to such special account prior to being delivered to the Participant. Unless the Company in its sole discretion decides otherwise, the proceeds will be paid to the Participant in local currency. The Company is under no obligation to secure any exchange conversion rate, and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions in China. The Participant agrees to bear any currency fluctuation risk between the time the cash proceeds in foreign currency are payable to the Participant (from the sale of the Shares or otherwise) and the time the cash proceeds in local currency are distributed through such special exchange control account.

Other. The Participant further agrees to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with SAFE requirements and to sign any agreements, forms and/or consents that may be reasonably requested by the Company or its designated broker to effectuate any of the remittances, transfers, conversions or other processes affecting the proceeds.

Notifications

Foreign Asset and Account Reporting. The Participant may be required to report to SAFE all details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents. The Participant should consult with his or her personal advisor in order to ensure compliance with applicable reporting requirements.