

YUM CHINA HOLDINGS, INC.

BOARD OF DIRECTORS

CORPORATE GOVERNANCE PRINCIPLES

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Yum China Holdings, Inc.

Corporate Governance Principles

These Corporate Governance Principles of Yum China Holdings, Inc. (the “Company”) are intended to embody the principles by which the Company’s board of directors (the “Board”) operates. These principles are not intended to be a code of regulations, but rather a statement which provides information and direction for the Board and those who deal with the Board. This will be a working document which will change from time to time as conditions warrant. These principles should be interpreted in the context of the Company’s Amended and Restated Certificate of Incorporation (the “Company’s Certificate of Incorporation”) and the Company’s Amended and Restated Bylaws (the “Company’s Bylaws”), each as amended and/or restated from time to time, other requirements established by law or stock exchange rules, and other resolutions approved by the Board which have not been incorporated in these Corporate Governance Principles.

These Corporate Governance Principles will become effective conditional and immediately upon the commencement of trading of the Company’s common stock on the New York Stock Exchange.

I. BOARD MEMBERSHIP

1. Responsibilities of the Board

The Board is elected by the stockholders of the Company to oversee the Company’s management and ensure that the long-term interests of the stockholders are served, including overseeing the Company’s strategic directions and risk management framework. The Board is the ultimate decision-making authority within the Company, except with respect to those matters, including the election of members of the Board (“Directors”), that are reserved for the Company’s stockholders.

2. Size of the Board

The Company’s Certificate of Incorporation provides that the number of Directors shall not be less than three nor more than fifteen. The Board believes that, based on the Company’s present circumstances, ten or eleven Directors is an appropriate size. The Board will periodically review the size of the Board, and determine the appropriate size of the Board in light of the Company’s then-present circumstances.

3. Independence of the Board

A majority of the Directors must qualify as independent directors (“Independent Directors”) in accordance with the applicable rules of the New York Stock Exchange. The Board shall determine on an annual basis whether each director qualifies as an Independent Director pursuant to the applicable rules of the New York Stock Exchange.

4. Director Qualification Standards

The Board seeks members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon contributions they can make to the Board and management.

5. Selection of New Directors

The Company’s stockholders elect Directors as provided in the Company’s Certificate of Incorporation and the Company’s Bylaws. The Nominating and Governance Committee is responsible for recommending Director candidates to the full Board for nomination and election at the annual meetings of stockholders and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Nominating and Governance Committee will interview a Director candidate before the candidate is submitted to the full Board for approval. The Nominating and Governance Committee will also consider Director candidates recommended by stockholders. A stockholder wishing to nominate a Director candidate must follow the procedures described in Article 2 of the Company’s Bylaws.

The Nominating and Governance Committee must periodically review and recommend the composition, organization and responsibilities of the Board and its committees to the full Board.

6. Extending Invitation to New Director

The Chairperson of the Nominating and Governance Committee should extend the invitation to Director candidates to join the Board.

7. Retirement / Resignation

a) Term Limits

The Board does not believe it is in the best interest of the Company to establish limitations on the number of terms Directors may serve, but believes that it is important to monitor overall Board performance.

b) Retirement Policy – Independent and Non-Management Directors

An Independent Director or non-management Director (i.e., a Director who is not a Company officer but who does not otherwise qualify as an Independent Director) may not stand for re-election to the Board if the Director is seventy-five (75) years old or older as of the date the Director would otherwise be scheduled to stand for re-election, unless the Board unanimously elects to have the Director stand for re-election. In the case of an Independent Director or non-management Director who will be age seventy-five (75) or older as of the date of the next annual meeting of stockholders, the Board expects the Director to communicate to the Chairman of the Board, in advance of each annual election, an offer not to stand for re-election. The Chairman shall refer the offer to the Nominating and Governance Committee for review. The Nominating and Governance Committee's review and recommendation will be presented to the Board for a determination of whether the Director's offer should be accepted or rejected.

c) Retirement Policy – Management Directors

The Board expects that when an executive who serves on the Board resigns from his or her position as an executive officer of the Company, such executive will also simultaneously submit his or her resignation from the Board. Whether the individual continues to serve on the Board is a matter for discussion at that time with the Board.

d) Directors Changing Their Present Job Responsibility

The Board expects any Director who retires, changes employers or otherwise experiences a significant change in professional roles and responsibilities, including any change that may affect an Independent Director's continuing independence under the Board's independence standards, to tender his or her resignation to the Chairman of the Board, who should then refer such resignation to the Nominating and Governance Committee for review. The Nominating and Governance Committee's review and recommendation will be presented to the Board for a determination of whether the resignation will be accepted or rejected.

e) Majority Voting Policy

In accordance with the Company's Bylaws, in any election of Directors other than a Contested Election (as defined in Section 8(a) of Article Four of the Company's Bylaws), any incumbent Director nominee who does not receive a number of votes "for" his or her election in excess of the votes "against" his or her election (as contemplated by Section 8(a) of Article Four of the Company's Bylaws) shall promptly tender to the Board his or her resignation from the Board. The resignation shall specify that it is effective upon the Board's acceptance of the resignation. The Board shall, through a process managed by the Nominating and Governance Committee and excluding the nominee in question, accept or reject the resignation and publicly disclose the Board's decision regarding the resignation and the rationale behind the decision within ninety (90) days from the date of the certification of the election results.

8. Appointment and Role of Lead Director

To the extent the Chairman does not qualify as independent in accordance with the applicable rules of the New York Stock Exchange, Independent Directors will appoint a Lead Director annually. The Lead Director will serve until his or her successor is appointed by the Independent Directors or until his or her earlier resignation or removal.

The Lead Director, who is required to be an Independent Director, will be responsible for:

- a) Presiding at all executive sessions of the Board and any other meeting of the Board at which the Chairman is not present, and advising the Chairman and CEO of any decisions reached or suggestions made at any executive session.
- b) Approving in advance agendas and schedules for Board meetings and the information that is provided to directors.
- c) If requested by major shareholders, being available for consultations and direct communication.
- d) Serving as a liaison between the Chairman and the Independent Directors.
- e) Calling special meetings of the Independent Directors.

9. Serving as Director of Another Public Company

Directors are expected to advise the Chairman of the Board and the Chairman of the Nominating and Governance Committee prior to accepting any other public company directorship or any assignment to the audit committee or compensation committee of the board of directors of any public company of which such Director is a member. The Board has determined that Directors may serve on no more than four (4) other public company boards while serving as a Director. The Company's Chief Executive Officer, if a Director, may serve on no more than two (2) other public company boards.

10. Director Orientation and Continuing Education

The Company will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected Directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a Director. The Board and the Company encourage, but do not require, Directors to periodically pursue or obtain appropriate programs, sessions or materials as to the responsibilities of directors of publicly traded companies.

II. BOARD CONDUCT

1. Director Responsibility

Directors should exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders in a manner consistent with their fiduciary duties. Directors are expected to be active and engaged in discharging their duties and to keep themselves informed about the business and the operations of the Company. Directors are expected, absent extraordinary circumstances, to attend all meetings of the Board and of all Board committees upon which they serve. To prepare for meetings, Directors should review the materials that are sent to Directors in advance of those meetings. Directors are also encouraged to attend the Company's annual meeting of stockholders.

2. Board Meetings

a) Selection of Agenda Items

The Chairman will establish the agenda for Board meetings, taking into account input and suggestions from other Directors and management.

b) Distribution of Materials

The Board believes it is critical for Directors to have materials on topics to be discussed sufficiently in advance of the meeting date and for Directors to be kept abreast of developments between Board meetings. Management shall regularly inform Directors of Company and competitive developments and

shall distribute, sufficiently in advance of meetings to permit meaningful review, written materials for use at Board meetings.

c) Attendance of Non-Directors

The Board believes that attendance of key executive officers of the Company at meetings of the Board and Board committees augments the meeting process. The Company's Chief Executive Officer, Chief Financial Officer and Chief Legal Officer shall regularly attend all scheduled Board meetings and are encouraged to respond to questions posed by Directors relating to their areas of expertise. Such persons shall not attend executive sessions or Independent Director sessions either of the Board or any committee thereof, unless requested.

The Board also believes that executive officers of the Company can assist the Board and Board committees with deliberations and provide critical insights and analyses. Attendance of such officers allows the most knowledgeable and accountable executives to communicate directly with the Board. It also provides the Board direct access to individuals critical to the Company's succession planning.

d) Number of Meetings

The Board shall hold a minimum of five meetings per year, with additional regular or special meetings being held as circumstances warrant as determined by the Chairman of the Board.

e) Executive Sessions

The Board will schedule regular executive sessions where Independent Directors and non-management Directors meet without management present. In addition, the Independent Directors will hold an executive session without management or non-management Directors present at least once a year.

3. Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict. The Company annually solicits information from Directors in order to monitor potential conflicts of interest and Directors are expected to be mindful of their fiduciary obligations to the Company. When faced with a situation involving a potential conflict of interest, Directors are encouraged to seek advice from the Chief Legal Officer of the Company.

4. Share Ownership by Directors

The Board believes that the number of shares of the Company's common stock owned by each Director is a personal decision; however, the Board strongly supports the position that Directors should own a meaningful number of shares of

the Company's common stock and expects that a Director will not sell any shares received as Director compensation until at least twelve (12) months following the Director's retirement or departure from the Board.

5. Board Compensation Review

The Nominating and Governance Committee shall recommend Director compensation and benefits to the full Board. Directors who are also members of management shall receive no additional compensation for their service as Directors.

6. Assessing Board Performance

The Board, in collaboration with the Nominating and Governance Committee, will conduct a self-evaluation annually to determine whether it and its committees are functioning effectively. The full Board and its committees will discuss the evaluation report to determine what, if any, action could improve Board and Board committee performance.

7. Board Access to Senior Management and Independent Advisors

The Directors have complete and open access to senior members of management. The Chief Executive Officer shall invite key employees of the Company to attend Board sessions at which the Chief Executive Officer believes they can meaningfully contribute to Board discussion. The Board and Board committees, as set forth in the applicable committee charter, have the right to consult and retain independent legal and other advisors at the expense of the Company.

8. Board Interaction with Institutional Investors, Peers, Customers, etc.

The Board believes that, under ordinary circumstances, management speaks for the Company and the Chairman speaks for the Board. Individual Board members may, from time to time, meet with or communicate with various constituencies that are involved with the Company. It is expected that Board members do so with the knowledge of management and the Lead Director (or, if there is no Lead Director, the Chairman) and, in most instances, at the prior request of management and in accordance with the methods prescribed by the Board.

9. Communication with Board

The Board or the Company will establish methods by which interested parties may communicate directly with the non-management Directors or with the Directors as a group and cause such methods to be publicly disclosed.

10. Confidentiality of Information

In order to facilitate open discussion, the Board believes maintaining confidentiality of information and deliberations is an imperative. Directors will use Confidential Information solely for the benefit of the Company and will use reasonable care to

preserve the confidentiality of Confidential Information. Unless otherwise authorized by the Board, Directors will not disclose Confidential Information to any person who is not a Director, officer, employee, representative or agent of the Company.

As used in this section, “Confidential Information” means any and all information regarding the Company or its businesses, operations, employees, the Board, customers, suppliers, properties, assets, liabilities, strategies, projections or plans. Confidential Information does not include any information that at or subsequent to the time it is communicated to the Director (i) is in the public domain through no fault of the Director or (ii) is rightfully in the Director’s possession free of any obligation of confidence.

11. Review of Board Governance Principles

The Nominating and Governance Committee shall review and reassess at least annually the adequacy of these Corporate Governance Principles and recommend any proposed changes to the Board for approval.

III. BOARD COMMITTEES

1. Standing Committees

The Board currently has the following committees: Audit Committee, Compensation Committee and Nominating and Governance Committee. The Audit Committee, Compensation Committee and Nominating and Governance Committee each shall consist solely of Independent Directors. The Board is responsible for appointing committee members and committee chairs, pursuant to recommendations made by the Nominating and Governance Committee, subject to the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. Each committee of the Board must operate in accordance with applicable law, its charter as adopted and amended from time to time by the Board, and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may also establish such other committees as it deems appropriate and delegate to such committees such authority permitted by applicable law and the Company’s Bylaws as the Board sees fit.

2. Rotation of Committee Assignments and Chairpersons

Committee assignments and the designation of committee Chairpersons should be based on the Director’s knowledge, interests and areas of expertise. While the rotation of committee members may be considered periodically, rotation is not required because the Board believes there are significant benefits attributable to continuity and experience gained in service on a particular committee over time.

3. Development of Committee Agenda

The committee Chairpersons, working with the Chairman of the Board, should establish committee agendas for each meeting as well as identify a process to ensure all pertinent matters are covered by the committee on a timely basis.

IV. CHAIRMAN & CHIEF EXECUTIVE OFFICER

1. Separate Positions of Chairman, President and Chief Executive Officer

The Company's Bylaws do not prohibit the Chairman, President and Chief Executive Officer from being the same person.

2. Formal Evaluation of the Chief Executive Officer

The Compensation Committee conducts the Chief Executive Officer evaluation at least annually in the context of its review of the Company's performance in meeting its goals for purposes of awarding compensation. The Compensation Committee Chairperson reports to the Board on the evaluation in a Board meeting attended by Independent Directors and non-management Directors.

3. Management Development and Succession Planning

The Compensation Committee shall review and report to the Board on the Company's succession planning, including succession planning in the case of the incapacitation, retirement or removal of the Chief Executive Officer. The Chief Executive Officer shall provide periodic reports to the Compensation Committee recommending and evaluating potential successors as Chief Executive Officer or other senior executive officers, along with a review of any development plans recommended for such individuals. The Chief Executive Officer shall also provide to the Board, on an ongoing basis, his or her recommendation as to a temporary acting replacement or successor in the event of an unexpected emergency.