

Yum China moves towards digitalization with opening of its three Digital R&D Center

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Yum China Holdings, Inc. announced the opening of its Digital R&D Center with three sites in Shanghai, Nanjing, and Xi'an. The inauguration of the Digital R&D Center represents an important milestone for the Company's strategy to build a dynamic digital ecosystem comprised of 1) the Digital R&D Center, 2) joint venturing, and 3) third party collaboration, to provide a solid foundation for Yum China to further develop its brands and businesses, accelerate expansion and capture market opportunities.



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The Digital R&D Center will consolidate and expand dedicated resources to develop new solutions and services using technologies in big data, artificial intelligence (AI), middle office and digital SaaS to drive end-to-end digitalization. The Digital R&D Center will bolster Yum China's in-house digital capabilities across various functions, such as:

- Consumer-facing: to improve Super Apps, mini programs and membership programs to provide higher quality service and customer experience.
- Store operations: to upgrade systems and tools for more efficient operations and decision making, such as our digital tools for restaurant general managers, "Pocket Manager" and "Super Brain."
- Smart delivery: to further optimize delivery order queuing, trade zones, and rider routing.

- Supply chain management: to enhance food safety and streamline operations from farm to fork

Digitalization is one of the key enablers behind Yum China's resiliency and long-term development as we move toward our next milestone of 20,000 stores," said Joey Wat, CEO of Yum China. "The Digital R&D Center is an important part of our investment strategy as we apply cutting-edge technologies to digitally transform stores and drive operational excellence."

"Evolving consumer behavior, such as increased off-premise dining, and the Company's accelerated development, place more demand on our R&D capabilities," said Leila Zhang, Chief Technology Officer of Yum China. "We believe the establishment of the Digital R&D Center will significantly strengthen Yum China's internal digital capabilities and support sustainable business growth by using advanced technology for real-life applications."

As a pioneer of digitalization in the restaurant industry in China, Yum China launched a digital program several years ago. With the establishment of the Digital R&D Center, the Company will have more dedicated resources in its restaurant operations for building top-notch digital infrastructure. The Company will continue to cooperate with external partners such as scientific research institutions and other industry leaders to implement leading-edge technology.

Yum China has earmarked \$1-1.5 billion of investment over the next five years in digital and technology. As an integral part of this initiative, the Company plans to invest approximately \$100-200 million and to employ up to 500 staff in the Digital R&D Center to support the company's growth over the next five years. The Digital R&D Center in Shanghai, Xi'an, and Nanjing will be able to tap into the large talent pool at the top universities in these cities. With additional resources, the Company will further enhance our digital capabilities, as well as accelerate innovations and implementation.