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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Little Sheep Group Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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### Little Sheep Group Limited

### 小肥羊集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 968)**

## PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES AND PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS AND NOTICE OF THE ANNUAL GENERAL MEETING

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A notice convening an annual general meeting of Little Sheep Group Limited to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 May 2010 at 10:00 a.m. is set out on pages 17 to 20 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.LittleSheep.com](http://www.LittleSheep.com)) respectively.

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

20 April 2010

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	an annual general meeting of the Company to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 May 2010 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 17 to 20 of this circular, or any adjournment thereof;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Company”	Little Sheep Group Limited (小肥羊集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	14 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Possible Way”	Possible Way International Limited, a limited liability company incorporated in the British Virgin Islands and a controlling shareholder of the Company at the Latest Practicable Date;
“Remuneration Committee”	remuneration committee of the Company;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, share(s) forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong; and
“Yum”	Yum! Brands Inc., a substantial shareholder of the Company.



**Little Sheep Group Limited**

**小肥羊集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 968)**

*Executive Directors:*

Mr. Zhang Gang (*Chairman*)  
Mr. Lu Wenbing  
Mr. Zhang Zhanhai  
Mr. Wang Daizong  
Ms. Li Baofang

*Non-executive Directors:*

Mr. Chen Hongkai  
Mr. Su Jing Shyh Samuel  
Mr. Koo Benjamin Henry Ho Chung  
Ms. Hsieh Hui-yun Lily  
Mr. Nishpank Rameshbabu Kankiwala

*Independent Non-executive Directors:*

Dr. Xiang Bing  
Mr. Yeung Ka Keung  
Mr. Shin Yick, Fabian

*Registered Office:*

Cricket Square,  
Hutchins Drive,  
PO Box 2681,  
Grand Cayman,  
KY1-1111,  
Cayman Islands

*Principal Place of Business  
in Hong Kong:*

Unit 1104,  
11/F, Jubilee Centre,  
42-46 Gloucester Road,  
Wan Chai,  
Hong Kong

20 April 2010

*To the Shareholders*

Dear Sir or Madam

**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting in respect of (i) the granting of the Buyback Mandate to the Directors; (ii) the granting of the Issuance Mandate to the Directors; (iii) the extension of the Issuance Mandate by adding to it the aggregate nominal amount of the issued Shares repurchased by the Company under the Buyback Mandate; and (iv) the re-election of the retiring Directors.

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## LETTER FROM THE BOARD

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### 2. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

The current general mandates previously granted to the Directors to issue and repurchase Shares by resolutions passed at the annual general meeting of the Company held on 18 May 2009 will expire at the conclusion of the Annual General Meeting. In order to give the Company flexibility to issue and repurchase Shares if and when appropriate, the following ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the total nominal amount of the Company's issued share capital as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$10,282,344.70 (equivalent to 102,823,447 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the "Buyback Mandate");
- (b) to allot, issue or deal with new Shares of an aggregate nominal amount not exceeding 20% of the total nominal amount of the Company's issued share capital as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$20,564,689.40 (equivalent to 205,646,894 Shares) on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting) (the "Issuance Mandate"); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in ordinary resolutions contained in items 11 and 12 of the notice of the Annual General Meeting as set out on pages 17 to 20 of this circular. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any new Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

### 3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 86 of the Articles of Association, Mr. Su Jing Shyh Samuel, Mr. Koo Benjamin Henry Ho Chung and Ms. Hsieh Hui-yun Lily shall hold office until the Annual General Meeting and shall, being eligible, offer themselves for re-election at the Annual General Meeting. Besides, Mr. Zhang Gang, Mr. Wang Daizong, Mr. Nishpank Rameshbabu Kankiwala and Mr. Yeung Ka Keung shall retire by rotation at the Annual General Meeting. Except for Mr. Nishpank Rameshbabu Kankiwala who has recently informed the Company that as he would like to dedicate more time to his role as Executive Chairman of Mayborn Group Limited and to his other business engagements, he will not seek for re-election at the Annual General Meeting, all the other Directors retiring by rotation shall be eligible and offer themselves for re-election at the Annual General Meeting.

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## LETTER FROM THE BOARD

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Details of the Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

#### 4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 17 to 20 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the granting of the Buyback Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased pursuant to the Buyback Mandate and the re-election of the retiring Directors.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.LittleSheep.com](http://www.LittleSheep.com)) respectively. Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment thereof if you so wish and in such event, the proxy form shall be deemed to be revoked.

#### 5. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate, the granting and extension of the Issuance Mandate and the re-election of the retiring Directors are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

#### 6. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Explanatory Statement on the Buyback Mandate) and Appendix II (Details of the Retiring Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,  
By order of the Board  
**Zhang Gang**  
*Chairman*

The following is an explanatory statement required by the Listing Rules to be sent to Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

### **1. REASONS FOR SHARE BUYBACK**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on market conditions and funding arrangements at the time, result in an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,028,234,470 Shares.

Subject to the passing of the ordinary resolution set out in item 12 of the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 1,028,234,470 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, an aggregate nominal amount of Shares not exceeding HK\$10,282,344.70 (equivalent to 102,823,447 Shares), representing 10% of the aggregate nominal amount of Shares in issue as at the date of the Annual General Meeting.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and/or any other applicable laws.

The Company is empowered by its Memorandum of Association and Articles of Association to repurchase Shares. The laws of the Cayman Islands provide that the amount of capital paid in connection with a share repurchase by a company may be paid out of either the profits of the company or the proceeds of a fresh issue of shares made for such purpose or, subject to the articles of association of such company and the laws of the Cayman Islands, out of capital.

### **4. IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2009) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors



do not intend to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

## 5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholder's interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge and belief of the Directors, the shareholding structure of the Company as at the Latest Practicable Date and immediately upon full exercise of the Buyback Mandate are set out below:

	As at the Latest Practicable Date		Immediately after full exercise of the Buyback Mandate	
	Number of issued Shares held	Approximate percentage of issued share capital of the Company	Number of issued Shares held <sup>(Note)</sup>	Approximate percentage of issued share capital of the Company <sup>(Note)</sup>
Possible Way	308,301,875	29.98%	308,301,875	33.32%
Yum	280,571,030	27.29%	280,571,030	30.32%
Shares held by the Company's directors and their respective associates	62,295,950	6.06%	62,295,950	6.73%
Public Shareholders	<u>377,065,615</u>	<u>36.67%</u>	<u>274,242,168</u>	<u>29.63%</u>
	<u>1,028,234,470</u>	<u>100.00%</u>	<u>925,411,023</u>	<u>100.00%</u>

*Note:* Assuming that (i) the issued share capital of the Company remains at 1,028,234,470 Shares immediately before the full exercise of the Buyback Mandate; and (ii) the shareholdings of the controlling and substantial shareholders set out in the above table remain unchanged immediately before the full exercise of the Buyback Mandate, the total issued share capital of the Company immediately after the full exercise of the Buyback Mandate would be 925,411,023 Shares.

In the event that the Directors exercise in full the power to repurchase Shares under the Buyback Mandate, the shareholdings of Possible Way and Yum would increase from 29.98% to 33.32% and from 27.29% to 30.32% respectively, which may give rise to an obligation on the part of Possible Way and Yum to make mandatory offers under Rule 26 of the Takeovers Code. However, currently the Directors do not have any intention to repurchase Shares to such an extent. To the best knowledge and belief of the Directors, Yum may be deemed to be acting in concert with Possible Way and/or its associates under

the Takeovers Code. In the event that the Directors exercise in full the power to repurchase Shares under the Buyback Mandate, assuming there will be no further change in the shareholdings of Possible Way and Yum and their respective associates, the aggregate shareholding of Possible Way and Yum and parties acting in concert with them would increase from approximately 57.30% to approximately 63.66% of the total issued share capital of the Company. If Yum is deemed to be acting in concert with Possible Way and/or its associates, the Directors are not aware of any consequences which may give rise to an obligation on the part of Possible Way and Yum and parties acting in concert with them to make a mandatory offer under Rule 26 of the Takeovers Code as a result of any repurchases made under the Buyback Mandate.

## 6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make any repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

**7. MARKET PRICES OF SHARES**

Set out below are the highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the following months:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2009</b>		
April	3.21	2.83
May	3.58	2.95
June	3.75	2.98
July	3.67	3.10
August	3.84	3.33
September	3.84	3.55
October	4.69	3.65
November	4.50	4.10
December	4.62	4.02
<b>2010</b>		
January	4.41	3.62
February	4.02	3.55
March	4.40	3.76
April (Up to the Latest Practicable Date)	4.45	4.13

**8. REPURCHASES OF SHARES MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the requisite details of the Directors, who will retire and stand for re-election at the Annual General Meeting, are provided below.

**(1) Zhang Gang, aged 45**

*Position and experience*

Mr. Zhang Gang (“Mr. Zhang”) is the co-founder of the Group and the Company’s Executive Director and Chairman. He is responsible for the operation of the Board and the key decision-maker of the Group. Mr. Zhang founded the first Little Sheep restaurant in Inner Mongolia in 1999 and has played a vital role in the development of the Group since its commencement in July 2001. Mr. Zhang is an experienced entrepreneur and has over nine years of experience in the catering industry. He is a deputy member of the People’s Congress in Inner Mongolia. Mr. Zhang completed the Executive Master of Business Administration program at the Guanghua School of Management of Peking University.

Mr. Zhang has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Mr. Zhang entered into a service contract with the Company for a term of three years commencing on 15 May 2008, which is subject to termination by either party giving not less than six months’ written notice. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, save for an aggregate 3.05% interests in the Company held by him and through a controlled corporation, Mr. Zhang was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, save for his 25.50% interest in Possible Way, Mr. Zhang does not have any relationships with any other Directors, senior management or substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director’s emoluments*

Pursuant to the service contract entered into between Mr. Zhang and the Company, Mr. Zhang is entitled to receive a salary of RMB500,000 per annum, payable on a 12-month basis, together with a discretionary bonus relating to the performance of the Group to be determined by

the Remuneration Committee. The emoluments of Mr. Zhang are determined with reference to his duties, responsibilities and time commitment and the Company's remuneration policy and are subject to review by the Board from time to time.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

There is no information of Mr. Zhang which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Zhang that need to be brought to the attention of the Shareholders.

**(2) Mr. Wang Daizong, aged 35**

*Position and experience*

Mr. Wang Daizong ("Mr. Wang") is an Executive Director and Chief Financial Officer of the Company and is in charge of investor relations, strategy and planning, and human resources. He joined Little Sheep PRC as Senior Vice President in October 2007 and was appointed as a Director of the Company in December 2007. From 2005 to 2007, Mr. Wang was an Associate Director of 3i Asia Pacific plc. where he originated and executed 3i's investment in Little Sheep PRC in 2006. From 2001 to 2005, he had worked in the investment banking division of Goldman Sachs (Asia) LLC. He holds a master's degree of Business Administration from the Wharton School of the University of Pennsylvania.

Mr. Wang has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Mr. Wang entered into a service contract with the Company for a term of three years commencing on 15 May 2008, which is subject to termination by either party giving not less than six months' written notice. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, save for his personal interests in 1,359,992 Shares and 150,000 employee share options of the Company, Mr. Wang was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, save for his 1.63% interest in Possible Way, Mr. Wang does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the service contract entered into between Mr. Wang and the Company, Mr. Wang is entitled to receive a salary of RMB600,000 per annum, payable on a 12-month basis, together with a discretionary bonus relating to the performance of the Group to be determined by the Remuneration Committee. The emoluments of Mr. Wang are determined by reference to his duties, responsibilities and time commitment and the Company's remuneration policy and are subject to review by the Board from time to time.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

There is no information of Mr. Wang which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Wang that need to be brought to the attention of the Shareholders.

**(3) Mr. Su Jing Shyh Samuel, aged 57***Position and experience*

Mr. Su Jing Shyh Samuel ("Mr. Su") is Vice Chairman of the board of directors of Yum and President of China Division of Yum. Mr. Su earned his undergraduate degree at the National Taiwan University, a M.Sc. degree of Chemical Engineering at Pennsylvania State University and an MBA at the Wharton School. Before joining Yum, Mr. Su worked with Procter & Gamble in Germany and Taiwan. Mr. Su started his career with Yum in 1989 as KFC International's Director of Marketing for the North Pacific region. In 1993, he became Vice President of North Asia for both KFC and Pizza Hut. Mr. Su was named President of Greater China for Tricon Global Restaurants International upon Pepsi's spin-off of the restaurant business in 1997. Yum China Division today leads the development of the KFC, Pizza Hut Dine-in restaurants, Pizza Hut Home Service and East Dawning brands in mainland China, Thailand and KFC Taiwan.

Save and except that Mr. Su is a director of Yum as disclosed above, Mr. Su has not held any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Pursuant to the letter of appointment entered into between Mr. Su and the Company, subject to the terms and conditions contained therein, Mr. Su's appointment as a non-executive director of the Company is for a term of three years commencing from 2 June 2009. In accordance with the Articles of Association, Mr. Su will hold office until the Annual General Meeting and shall then be eligible for re-election.

*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Su was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, save for being a director and a shareholder of Yum, Mr. Su does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment entered into between Mr. Su and the Company, Mr. Su will not receive any director's fee during the appointment.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there is no information of Mr. Su which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Su that need to be brought to the attention of the Shareholders.

**(4) Mr. Koo Benjamin Henry Ho Chung, aged 57***Position and experience*

Mr. Koo Benjamin Henry Ho Chung ("Mr. Koo") is Vice-President of Marketing Services and Information Technology of China Division of Yum. Mr. Koo has a B.Sc. degree and a M.Sc. degree in Chemical Engineering from University of Wisconsin and Massachusetts Institute of Technology respectively and an MBA at the Wharton School. Before joining Yum China, Mr. Koo worked for CITIC Pacific Ltd. and Dah Chong Hong Ltd. in Hong Kong and Mars, Inc. He started his career with Yum China from 1994 and has since worked in areas of operations, marketing and information technology.

Mr. Koo has not held any directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Pursuant to the letter of appointment dated 2 June 2009 entered into between Mr. Koo and the Company, subject to the terms and conditions contained therein, Mr. Koo's appointment as a non-executive director of the Company is for a term of three years commencing from 2 June 2009. In accordance with the Article of Association, Mr. Koo will hold office until the Annual General Meeting and shall then be eligible for re-election.

*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Koo was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, save for being an officer of and having some indirect interest in Yum, Mr. Koo does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment entered into between Mr. Koo and the Company, Mr. Koo will not receive any director's fee during the appointment.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there is no information of Mr. Koo which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Koo that need to be brought to the attention of the Shareholders.

**(5) Ms. Hsieh Hui-yun Lily, aged 55***Position and experience*

Ms. Hsieh Hui-yun Lily ("Ms. Hsieh") is the Chief Financial Officer of Yum, China Division. Ms. Hsieh earned her B.A. at National Taiwan University and an MBA (Finance Major) at University of Toronto. She also obtained the qualification as a Certified Management Accountant (CMA) in 1984. Before joining Yum, Ms. Hsieh worked with Kraft, Hydro and Pillsbury in Canada as well as Kraft Foods in Asia. Ms. Hsieh started her career with Yum in 1996 and has been the Chief Financial Officer at Yum China since 2002.

Mr. Hsieh has not held in the last three years any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Pursuant to the letter of appointment dated 19 November 2009 entered into between Ms. Hsieh and the Company, subject to the terms and conditions contained therein, Ms. Hsieh's appointment as a non-executive director of the Company is for a term of three years commencing from 19 November 2009. In accordance with the Company's Articles of Association, Ms. Hsieh will hold office until the Annual General Meeting and shall then be eligible for re-election.



*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, Ms. Hsieh was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, save for being an officer and a shareholder of Yum, Ms. Hsieh does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment entered into between Ms. Hsieh and the Company, Ms. Hsieh will not receive any director's fee during the appointment.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

Save as disclosed above, there is no information of Ms. Hsieh which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Ms. Hsieh that need to be brought to the attention of the Shareholders.

**(6) Mr. Yeung Ka Keung, aged 50***Position and experience*

Mr. Yeung Ka Keung ("Mr. Yeung") joined the Group in May 2008 as an Independent Non-executive Director and also serves as Chairman of the Audit Committee. Mr. Yeung is the executive Vice President and Chief Financial Officer of Phoenix Satellite Television Co. Ltd. and Phoenix Satellite Television Holdings Limited, a company listed on the Stock Exchange. He is also the qualified accountant and company secretary of Phoenix Satellite Television Holdings Limited. Mr. Yeung graduated from the University of Birmingham and obtained qualification as a chartered accountant with the Institute of Chartered Accountants in England and Wales.

Save as disclosed above, Mr. Yeung has not held in the last three years any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

Pursuant to the letter of appointment entered into between Mr. Yeung and the Company, Mr. Yeung's initial term of office is three years commencing from 15 May 2008, which is subject to termination by either party giving not less than six months' written notice. He is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Articles of Association.

*Interests in shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Yeung was not interested or deemed to be interested in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, Mr. Yeung does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment entered into between Mr. Yeung and the Company, Mr. Yeung will receive a director's fee of HK\$20,000 per month during the appointment.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

There is no information of Mr. Yeung which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr. Yeung that need to be brought to the attention of the Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### Little Sheep Group Limited

### 小肥羊集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 968)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Little Sheep Group Limited (the “Company”) will be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Thursday, 20 May 2010 at 10:00 a.m. for transacting the following ordinary and special business:

#### AS ORDINARY BUSINESS

1. To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2009;
2. To declare a final dividend of HK cents 6.9 per share for the year ended 31 December 2009;
3. To re-elect Mr. Zhang Gang as director;
4. To re-elect Mr. Wang Daizong as director;
5. To re-elect Mr. Su Jing Shyh Samuel as director;
6. To re-elect Mr. Koo Benjamin Henry Ho Chung as director;
7. To re-elect Ms. Hsieh Hui-yun Lily as director;
8. To re-elect Mr. Yeung Ka Keung as director;
9. To authorize the board of directors to fix the directors’ remuneration;
10. To re-appoint Ernst & Young as auditors and to authorize the board of directors to fix auditors’ remuneration;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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### AS SPECIAL BUSINESS

11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in a general meeting; and
  - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of the association of the Company or any applicable laws to be held.”;

12. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(c) the total nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

- (i) a Rights Issue (as defined below);
- (ii) the exercise of options granted under the share option schemes of the Company; and
- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution and this approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in a general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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13. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of resolutions set out in items 11 and 12 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 12 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the shares purchased by the Company pursuant to the mandate referred to in the resolution set out in item 11 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”.

By order of the Board  
**Zhang Gang**  
Chairman

Hong Kong, 20 April 2010

Notes:

- (a) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (b) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
- (c) The register of members of the Company will be closed from 17 May 2010 to 20 May 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the above meeting and the entitlement of the proposed final dividend for the year ended 31 December 2009, unregistered holders of shares of the Company should ensure that all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 14 May 2010.
- (d) In relation to the ordinary resolutions set out in items 11, 12 and 13 of the Notice, the directors wish to state that they have no immediate plan to issue any new shares or repurchase any existing shares of the Company.

*This Circular, in both English and Chinese versions, is available on the Company’s website at [www.LittleSheep.com](http://www.LittleSheep.com).*

*Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the “Corporate Communications”).*

*Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Branch Share Registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.*

*Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Circular since both languages are bound together into one booklet.*