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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**

A notice convening an annual general meeting of Little Sheep Group Limited to be held at Regus, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 18 May 2011 at 10:00 a.m. is set out on pages 16 to 19 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) and the Company (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.

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DEFINITIONS

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 Regus, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 18 May 2011 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 16 to 19 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”	31 March 2011, 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;

DEFINITIONS

“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.

LETTER FROM THE BOARD



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 Jianhai
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

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

8 April 2011

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.

LETTER FROM THE BOARD

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 20 May 2010 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\$10,323,569.70 (equivalent to 103,235,697 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\$20,647,139.40 (equivalent to 206,471,394 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 10 and 11 of the notice of the Annual General Meeting as set out on pages 16 to 19 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(3) of the Articles of Association, Mr. Wang Jianhai, who was appointed a Director on 1 October 2010, will hold office until the Annual General Meeting and will, being eligible, offer himself for re-election at the Annual General Meeting. Besides, according to Article of 87(1) of the Articles of Association, Mr. Lu Wenbing, Ms. Li Baofang, Dr. Xiang Bing and Mr. Shin Yick, Fabian shall retire by rotation at the Annual General Meeting and shall, being eligible, offer themselves for re-election at the Annual General Meeting.

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.

LETTER FROM THE BOARD

4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 16 to 19 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) and the Company (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 1,032,356,970 Shares.

Subject to the passing of the ordinary resolution set out in item 11 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 1,032,356,970 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\$10,323,569.70 (equivalent to 103,235,697 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 2010) 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 ^(Note)	Approximate percentage of issued share capital of the Company ^(Note)
Possible Way	308,301,875	29.86%	308,301,875	33.18%
Yum	280,571,030	27.18%	280,571,030	30.20%
Shares held by the Company's directors and their respective associates	45,049,779	4.36%	45,049,779	4.85%
Public Shareholders	<u>398,434,286</u>	<u>38.60%</u>	<u>295,198,589</u>	<u>31.77%</u>
	<u><u>1,032,356,970</u></u>	<u><u>100.00%</u></u>	<u><u>929,121,273</u></u>	<u><u>100.00%</u></u>

Note: Assuming that (i) the issued share capital of the Company remains at 1,032,356,970 Shares immediately before the full exercise of the Buyback Mandate; and (ii) the shareholdings of the substantial shareholders and the Company's directors and their associates 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 929,121,273 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 29.86% to 33.18% and from 27.18% to 30.20% 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 57.04% to approximately 63.38% 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:

Month	Highest HK\$	Lowest HK\$
2010		
April	4.45	4.08
May	4.57	3.97
June	4.97	4.13
July	4.93	4.29
August	4.75	4.25
September	5.60	4.66
October	5.39	4.06
November	5.38	4.80
December	5.30	4.80
2011		
January	5.14	4.70
February	5.08	4.21
March	5.40	4.51

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) Lu Wenbing, aged 43

Position and experience

Mr. Lu Wen Bing (“Mr. Lu”) is an executive Director and Chief Executive Officer of the Company. He joined the Group in 2004. Before joining the Group, he served as an Investment Controller and Vice President of Inner Mongolia Mengniu Milk Industry (Group) Co., Limited and had also served as Deputy General Manager of the Third Investment Banking Department and Chief Representative of the Inner Mongolia Representation Office of Everbright Securities Co., Ltd. Mr. Lu holds a master’s degree in Executive Business Administration from Renmin University of China and a master’s degree of Laws in International Economic Law from China University of Political Science and Law.

Mr. Lu 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

The current service contract between Mr. Lu and the Company will expire on 14 May 2011. The Company and Mr. Lu have entered into a new service contract for a term of three years commencing on 15 May 2011, 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 4,044,264 Shares and 2,487,680 employee share options of the Company, Mr. Lu 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 5.57% interest in Possible Way, Mr. Lu 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 new service contract between Mr. Lu and the Company, Mr. Lu is entitled to receive a salary of RMB960,000 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. Lu 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. Lu 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. Lu that need to be brought to the attention of the Shareholders.

(2) Ms. Li Baofang, aged 45

Position & experience

Ms. Li Baofang ("Ms. Li") is an executive Director and Senior Vice President of the Company and General Manager of the southern PRC region. She is responsible for overseeing the overall business management of the Group in the Southern PRC region. Ms. Li joined the Group in 2001. She is an experienced entrepreneur and has over eight years of experience in the catering industry. Ms. Li holds a postgraduate diploma from the Chinese Academy of Social Sciences.

Ms. Li 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

The current service contract between Ms. Li and the Company will expire on 14 May 2011. The Company and Ms. Li have entered into a new service contract for a term of three years commencing on 15 May 2011, which is subject to termination by either party giving not less than six months' written notice. She 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 her personal interests in 5,317,321 Shares and 730,000 employee shares options of the Company, Ms. Li 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 her 6.13% interest in Possible Way, Ms. Li 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 new service contract between Ms. Li and the Company, Ms. Li is entitled to receive a salary of RMB528,000 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 Ms. Li are determined by reference to her 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 Ms. Li 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. Li that need to be brought to the attention of the Shareholders.

(3) Mr. Wang Jianhai, aged 40*Position and experience*

Mr. Wang Jianhai ("Mr. Wang") is an executive Director and Chief Financial Officer of the Company and is in charge of the Group's financial management and IT and Business Information Systems. He joined the Group in 2004. Before joining the Company, Mr. Wang was a Financial Manager of Mengniu Dairy Tai'an Co., Ltd. In 2002, Mr. Wang obtained a qualification certificate of accounting issued by the Ministry of Finance of PRC (中華人民共和國財政部). In 1994, Mr. Wang obtained a bachelor's degree in Corporate Management from Inner Mongolia Finance and Economics College. Currently, Mr. Wang is taking the Master of Business Administration programme at Inner Mongolia University.

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 1 October 2010, 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 interest in 750,000 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, 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 RMB400,000 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.

(4) Dr. Xiang Bing, aged 48*Position and experience*

Dr. Xiang Bing ("Dr. Xiang") joined the Group in May 2008 as an Independent Non-executive Director and also serves as Chairman of the Remuneration Committee. Dr. Xiang holds a bachelor's degree of Engineering from Xi'an Jiaotong University and a doctoral degree in philosophy of accounting from the University of Alberta, Canada. Dr. Xiang is currently the founding dean and professor of the Cheung Kong Graduate School of Business. He is also currently an independent non-executive director and a committee member of the audit committee of Dan Form Holdings Company Limited, HC International, Inc., Jutal Offshore Oil Services Limited and China Dongxiang (Group) Co., Ltd., all of which are companies listed on the Stock Exchange. He is also an independent director of Shenzhen Terca Technology Co., Ltd. and TCL Corporation, all of which are listed on the Shenzhen Stock Exchange. He is also an independent non-executive director of LDK Solar Co. Ltd., Perfect World Co., Ltd., and EHouse (China) Holdings Limited, all of which are listed on the New York Stock Exchange. He was a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd., which is a company listed on the Shanghai Stock Exchange. He was also a director of Shaanxi Qinchuan Machine Development Co., Ltd. and Guangdong Midea Electric Appliances Co., Ltd., all of which are listed on the Shenzhen Stock Exchange.

Save as disclosed above, Dr. Xiang 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

The current letter of appointment between Dr. Xiang and the Company will expire on 14 May 2011. The Company and Dr. Xiang have entered into a new letter of appointment to renew the term of appointment for another three years commencing on 15 May 2011, 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, Dr. Xiang 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, Dr. Xiang 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 new letter of appointment between Dr. Xiang and the Company, Dr. Xiang will receive a director's fee of HK\$240,000 per annum 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 Dr. Xiang 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.

(5) Mr. Shin Yick, Fabian, aged 42*Position and experience*

Mr. Shin Yick, Fabian ("Mr. Shin") joined the Group in May 2008 as an Independent Non-executive Director and also serves as Chairman of the Nomination Committee. He is currently the Deputy CEO of CMB International Capital Corporation Limited. He is also an independent director of C & O Pharmaceutical Technology (Holdings) Limited, a company listed on Singapore Exchange Securities Trading Limited. Mr. Shin is a fellow member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants, Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries. Mr. Shin holds a bachelor's degree in Commerce from the University of Birmingham in England.

Save as disclosed above, Mr. Shin 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

The current letter of appointment between Mr. Shin and the Company will expire on 14 May 2011. The Company and Mr. Shin have entered into a new letter of appointment to renew the term of appointment for another three years commencing on 15 May 2011, 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. Shin 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. Shin 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 new letter of appointment between Mr. Shin and the Company, Mr. Shin will receive a director's fee of HK\$240,000 per annum 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. Shin 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. Shin that need to be brought to the attention of the Shareholders.



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 Regus, 35/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 18 May 2011 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 2010;
2. To declare a final dividend of HK cents 6.9 per share for the year ended 31 December 2010;
3. To re-elect Mr. Lu Wenbing as director;
4. To re-elect Ms. Li Baofang as director;
5. To re-elect Mr. Wang Jianhai as director;
6. To re-elect Dr. Xiang Bing as director;
7. To re-elect Mr. Shin Yick, Fabian as director;
8. To authorize the board of directors to fix the directors’ remuneration;
9. To re-appoint Ernst & Young as auditors and to authorize the board of directors to fix auditors’ remuneration;

NOTICE OF THE ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

10. 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.”;

11. 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;

NOTICE OF THE ANNUAL GENERAL MEETING

- (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

NOTICE OF THE ANNUAL GENERAL MEETING

12. 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 10 and 11 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 11 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 10 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, 8 April 2011

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 12 May 2011 to 18 May 2011, 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 2010, 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 11 May 2011.
- (d) In relation to the ordinary resolutions set out in items 10, 11 and 12 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.

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.