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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)

Clarification Announcement and Resumption of Trading

Further to the announcement of Little Sheep Group Limited (the “**Company**”) dated 26 April 2011 announcing that it has received an approach from a substantial shareholder, Yum! Brands, Inc. (“**Yum!**”), a company listed on the New York Stock Exchange, regarding a possible pre-conditional cash offer to acquire the outstanding share capital of the Company (other than certain shares already owned by Yum! or parties acting in concert with it).

The board of directors of the Company (the “**Board**”) has noted certain ongoing press reports in respect of discussions between Yum! and the Company.

The Board would like to clarify that the Company and Yum! have only had preliminary discussions about a possible offer as described in the announcement of the Company dated 26 April 2011 and that no agreement in respect of any offer for shares in the Company, in particular, in terms of price and structure, has been reached between them and the Company is not aware of any such offer having been agreed to be made by any person.

In accordance with Rule 3.7 of the Takeovers Code, the Company will release further announcements on a monthly basis as to the progress of talks until either a firm intention to make an offer or a decision not to proceed with an offer is announced.

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has been suspended since 9:00 a.m. on 26 April 2011. Pending any further development, the Company proposes to make an application to the Stock Exchange for the resumption of trading of the shares in the Company with effect from 9:00 a.m. on Tuesday, 3 May 2011.

The Board wishes to emphasise that discussions are at a preliminary stage only, and there is no certainty that any offer will ultimately be made. Accordingly, shareholders and potential investors in the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Little Sheep Group Limited
Zhang Gang
Chairman

Hong Kong, 29 April 2011

All Directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement contained in this announcement misleading.

As at the date of this announcement, the executive directors of the Company are Zhang Gang, Lu Wenbing, Zhang Zhanhai, Li Baofang and Wang Jianhai, the non-executive directors of the Company are Chen Hongkai, Su Jing Shyh Samuel, Koo Benjamin Henry Ho Chung and Hsieh Hui-yun Lily and the independent non-executive directors of the Company are Xiang Bing, Yeung Ka Keung and Shin Yick, Fabian.