

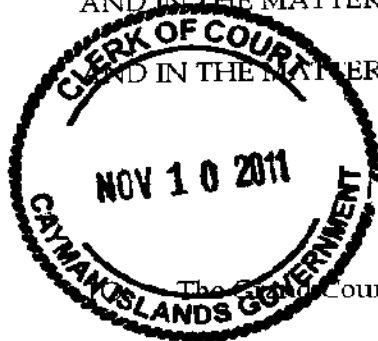
IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 0182 OF 2011 ()

IN THE MATTER of sections 15 and 86 of the Companies Law (2010 Revision) (as amended)

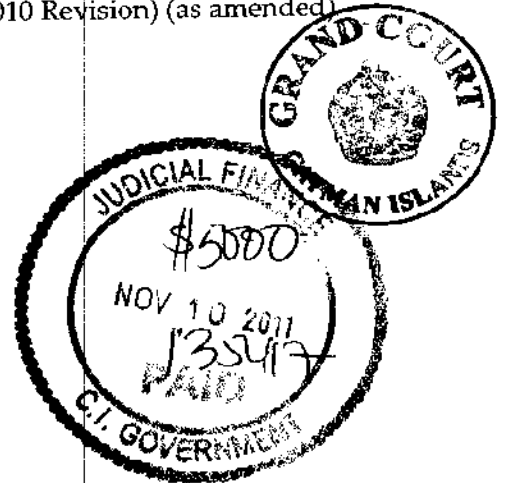
AND IN THE MATTER of the Grand Court Rules 1995 Order 102

AND IN THE MATTER of Little Sheep Group Limited



PETITION

The Grand Court of the Cayman Islands



THE PETITION of Little Sheep Group Limited shows as follows:

1. The object of this Petition is to seek:
 - (i) the sanction of the Court, pursuant to section 86 of the Companies Law (2010 Revision) (as amended) (the "Companies Law"), to a proposed scheme of arrangement (the "Scheme of Arrangement") between the petitioner, Little Sheep Group Limited (the "Company") and the Scheme Shareholders as defined in the draft Scheme of Arrangement attached as Exhibit "LBP-1" to the affirmation of Ms. Li Baofang; and
 - (ii) the confirmation of the Court, pursuant to section 15 of the Companies Law, of the intended reduction of the issued share capital ("Reduction of Capital") of the Company consequent upon the cancellation of the Scheme Shares (as defined in the Scheme of Arrangement) pursuant to the Scheme of Arrangement which is expected to be approved by a special resolution of the shareholders passed at an extraordinary general meeting of the Company immediately after the Court Meeting referred to herein.
2. The Company was incorporated as an exempted company on 18 December 2007 in the Cayman Islands under the Companies Law with registration number CT-201578.

The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of

the Company is at Unit 1104, 11th Floor, Jubilee Centre, 42-46 Gloucester Road, Wanchai, Hong Kong.

3. As at the date of this Petition, the Company has an authorised and issued share capital of HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of par value HK\$0.10 each (the "Shares"), [1,035,409,620] of which have been issued fully paid-up or credited as fully paid-up and the remainder are unissued.
4. The Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").
5. On the Latest Practicable Date (as defined in the Scheme of Arrangement), assuming no options ("Share Options") to subscribe for shares pursuant to the share option scheme of the Company adopted on 20 December 2007 are exercised before the Record Date (as defined in the Scheme of Arrangement), the profile of the major shareholders of the Company (the "Shareholders") is as follows:-

Name of Shareholders or beneficial owner		Number of Shares	%
Wandle Investments Limited		[280,571,030]	[27.10]
Possible Way International Limited		[308,301,875]	[29.78]
Mr. Zhang Gang		[24,901,626]	[2.41]
Mr. Chen Hongkai		[8,753,225]	[0.85]
	Total	[622,527,756]	[60.12]

6. On the Latest Practicable Date, on the assumption that all Share Options are exercised before the Record Date, the profile of the major Shareholders would be as follows:-

Name of Shareholders or beneficial owner		Number of Shares	%
Wandle Investments Limited		[280,571,030]	[26.68]
Possible Way International Limited		[308,301,875]	[29.32]
Mr. Zhang Gang		[24,901,626]	[2.37]

Mr. Chen Hongkai		[8,753,225]	[0.83]
	Total	[622,527,756]	[59.20]

7. As an exempted company the Company is subject to restrictions in its powers to trade in the Cayman Islands but is otherwise capable of exercising all the functions of a natural person of full capacity as provided by section 27(2) of the Companies Law.
8. The purpose of the Scheme of Arrangement is to privatise the Company so that Yum! Brands, Inc. ("Yum"), the shares of which are listed on the New York Stock Exchange, Inc, will through Wandle Investments Limited, indirectly own 93.24% of the Company and Possible Way International Limited will own 6.76% of the Company. This will be achieved by the steps summarised in paragraph 9 below.
9. The principal features of the Scheme of Arrangement are:
 - (i) the Reduction of Capital by the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme of Arrangement, in consideration of which the Scheme Shareholders will receive HK\$6.50 in cash for each Scheme Share (the "Cancellation Price");
 - (ii) subject to and simultaneously with the Reduction of Capital taking effect, the share capital of the Company being restored to its former amount by the issue to Wandle Investments Limited), credited as fully paid at par, the same number of shares as the number of Scheme Shares cancelled and extinguished at the Record Date (as defined in the Scheme of Arrangement) (the "Restoration of Capital"); and
 - (iii) the credit arising in the books of account of the Company as a result of the Reduction of Capital resulting from the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme of Arrangement being applied in paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled at the Record Date.
10. The Cancellation Price is in excess of the relevant closing prices and the average closing prices of the Shares referred to in the explanatory memorandum of the Composite Scheme Document (as defined in paragraph 11 below). The directors of the Company believe, under the current market conditions and based on the past performance of the Scheme Shares preceding the Latest Practicable Date, the Cancellation Price is in excess of the price which the Scheme Shareholders might receive for their Scheme Shares in the open market without the Scheme of Arrangement.

11. The listing of the Shares on the Hong Kong Stock Exchange requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company's business operations. The Company will also benefit from the available flexibilities a non-listed company has, including access to additional grown capital from Yum at short notice and without exposure to market volatility, being able to make decisions pertaining to investments focused on the long-term benefits they bring to the Company's business and not being distracted or pressurised to deliver short and medium term performance for the benefit of its public shareholders due to the requirements of regular reporting and disclosure of its financial results and the ability to keep confidential certain commercially sensitive data including margins and corporate strategies.

12. The Company proposes to convene a court meeting in accordance with section 86 of the Companies Law to be held on or about [●] 2011 (the "Court Meeting") at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered :

"THAT a scheme of arrangement (the "Scheme of Arrangement") dated [●] 2011 between the Company and the holders of the Scheme Shares (as defined in Scheme of Arrangement) in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved."

Each of the capitalised terms referred to in the resolution above are defined in the composite scheme document (the "Composite Scheme Document") exhibited as exhibit "LBF-1" to the first affirmation of Ms. Li Baofang which will be sent to all Scheme Shareholders.

13. Article 6 of the Articles of Association of the Company provides as follows:

"The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law."

14. The Company intends to convene an extraordinary general meeting to take place immediately after the Court Meeting at which it is intended to submit a special resolution to confirm the Reduction of Capital pursuant to the Scheme of Arrangement and an ordinary resolution to approve the Restoration of Capital as follows:

"SPECIAL RESOLUTION

1. **THAT:**

- (a) Pursuant to the scheme of arrangement dated [●] 2011 (the "Scheme of Arrangement") between the Company and the holders of the Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting, and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement); and
- (b) the directors of the Company be and are hereby authorised to do all acts and things considered by them to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of capital pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of capital which the Grand Court of the Cayman Islands may see fit to impose."

"ORDINARY RESOLUTION

2. **THAT:**

- (a) subject to and simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) taking effect, the share capital of the Company shall be restored to its former amount by allotting and issuing to Wandle Investments Limited, credited as fully paid at par, the same number of ordinary shares of HK\$0.10 each in the share capital of Little Sheep as the number of Scheme Shares cancelled and extinguished; and
- (b) the credit arising in the books of account of the Company consequent upon the reduction of its issued share capital resulting from the cancellation and extinguishment of the Scheme Shares referred to in resolution 1(a) shall be applied in paying up in full at par the shares allotted and issued to Wandle Investments Limited, pursuant to resolution 2(a) above.

3. **THAT** the shareholders' agreement dated [●] 2011 entered into among Wandle Investments Limited, Possible Way International Limited, Mr. Zhang Gang and

Mr. Chen Hongkai, a copy of which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, and the transactions contemplated under it be and are hereby approved, ratified and confirmed."

15. The Scheme of Arrangement and the Reduction of Capital will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of the Company of any paid up capital or alteration of the underlying assets, business operations, management or financial position of the Company and will have no effect on the creditors of the Company. It is to be noted that the Reduction of Capital and the Restoration of Capital will occur simultaneously. The Company will continue to be able to pay its debts as they fall due in the ordinary course of business.

16. The form of Minute proposed to be registered is as follows:

"The issued share capital of Little Sheep Group Limited was by virtue of a Special Resolution passed on [●] and with the confirmation of an order of the Grand Court of the Cayman Islands dated [●], reduced from HK\$[103, 540, 962] divided into [1, 035, 409, 620] shares of par value HK\$0.10 each to HK\$[35, 057, 103] divided into [350, 571, 030] shares of par value HK\$0.10. (the "Reduction of Capital"). Simultaneously with the Reduction of Capital, the issued share capital of Little Sheep Group Limited was restored to HK\$[103, 540, 962] by allotting and issuing to Wandle Investments Limited, credited as fully paid at par, [684, 838, 590] shares of par value HK\$0.10 each.

The authorised share capital of the Company, on the registration of this Minute, is HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of par value HK\$0.10 each."

17. Your petitioner, the Company therefore prays as follows:

- (i) That the Scheme of Arrangement of the Company to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
- (ii) That the Reduction of Capital may be confirmed and that the above mentioned minute may be approved by the Court.
- (iii) That the preparation of a list of creditors be dispensed with.
- (iv) That to this end, all necessary inquiries and directions may be made and given.
- (v) That such further or other order be made as this Honourable Court thinks fit.

NOTE: It is intended to serve this Petition on Little Sheep Group Limited at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dated this 10th day of November 2011

CONYERS DILL & PEARMAN
Attorneys-at-Law for the Petitioner herein

Notice of Hearing

This Petition, having been presented to the Court on the 10th day of November 2011, will be heard at the Law Courts, George Town, Grand Cayman on the day of 2011 at
a.m. or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its said Attorneys-at-Law, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Legal – 614350.1