



### Yum China Holdings, Inc

At Yum China Holdings, Inc., China's leading restaurant company, we have a vision of making every meal taste beautiful. Originating from a single restaurant in 1987, Yum China has grown into a flourishing company that currently operates over 7,500 restaurants in more than 1,500 cities and towns around the world.

Yum China (YUMC) became an independent, publicly-traded company on November 1,2016. Following its separation from Yum! Brands, Yum China obtained the exclusive right to operate and sub-license KFC, Pizza Hut, and Taco Bell in China while maintaining full ownership of the Little Sheep and East Dawning brands.

We at Yum China have built strong, lasting customer loyalty by developing menus that cater to local tastes. Each of our brands boasts a vast selection of unique recipes and special seasonings, many of them developed here in China. We utilize decades of experience serving Chinese customers by integrating our brands not only into popular culture, but also our consumers' daily lives.

At Yum China, we strive to serve our customers' evolving needs by enhancing instore experience, improving mobile connectivity, introducing innovative new products, and as always, consistently delivering value. Thanks to increasing urbanization and a rapidly growing consumer class, Yum China is well-positioned for steady long-term growth.





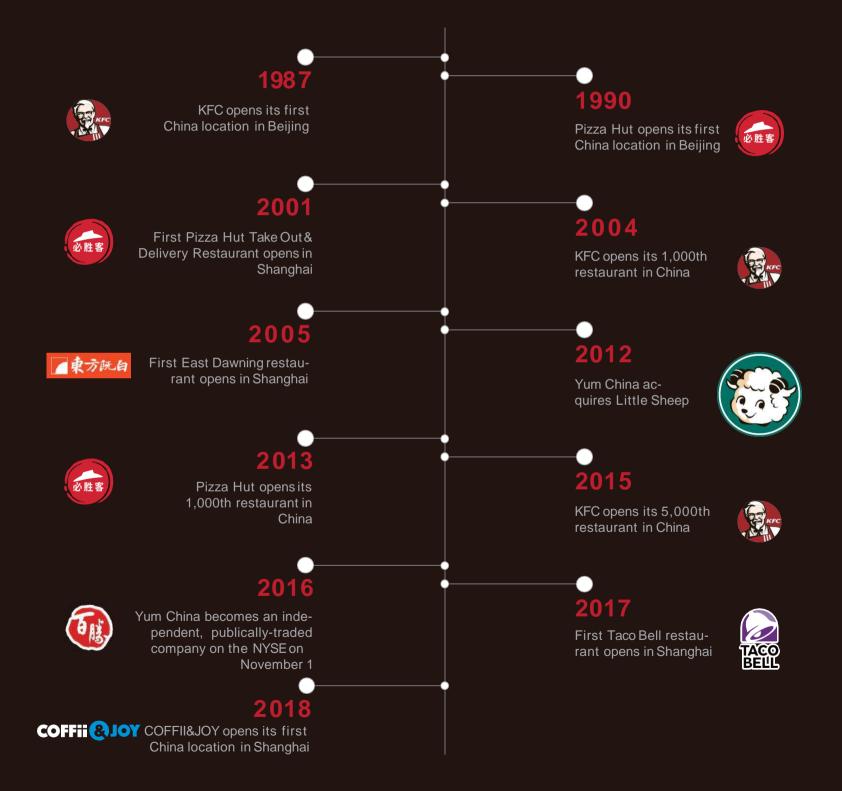








### Milestones



### Little Sheep: Our Story

### Inspired by Rural Culinary Traditions

Across the endless horizon lies an untouched prairie; there the wind roars and the cattle and sheep roam."

This quote from the famous ballad "The Song of the Chi-le Clans" describes a picturesque, rural Mongolian scene of blue skies, vast grasslands, galloping horses, generous people, and memorable food. The Little Sheep Brand has pulled its inspiration from this breathtaking landscape by vowing to respect the environment from which we source our ingredients.

Nineteen years ago, Little Sheep broke off from the traditional hot pot formula of "clear broth with dipping sauce" by introducing a Mongolian-inspired broth so rich and flavorful that it could be used without sauce. This innovative new style of hot pot has revolutionized the Chinese hot pot experience— and Little Sheep is credited as its originator.

Even now, Little Sheep has continued to shake up the hot pot industry, becoming the first Chinese hot pot restaurant listed on the Hong Kong stock exchange. Our motto, "One pot of soup and one plate of meat," signifies Little Sheep's humble beginnings and dedication to expanding upon the classic hot pot formula. We've established an "In-Mall" concept with a contemporary, straightforward image, constantly introduce premium products, consistently serve high-quality food, and regularly formulate and launch new soup bases. At Little Sheep, we make sure our customers know our brand's youthful, vibrant image is continuously growing and evolving.





### Little Sheep Milestones



Since its inception in 1999, Little Sheep has established itself as a worldwide hot pot staple by consistently delivering high-quality, innovative products and fresh marketing modes. It has received professional recognition and expanded internationally to become the face of hot pot dining.

#### 1999.8

Little Sheep was firstly opened up in Wulan Rd #22, Baotou City, Inner Mongolia.

#### 2004.11

Little Sheep won the title of "China Tamous Brand".

#### 2008

Little Sheep has drafted the state-commissioned National Standard of Hotpot Condiment.

#### 2003.10

Little Sheep Condiment Company was established to become the standardized production and supply base of Little Sheep hotpot condiment.

#### 2005.10

Little Sheep has ventured into the international development since the first Canada Toronto branch store of Little Sheep in North America was opened.



#### 2014

Little Sheep opened up the franchise business again with the increasing proportion of franchise stores and the continuous enhancement of operation.

#### 2016.5

Little Sheep won the title of "Silver Sail Award for Best Business Model", "Silver Sail Award for the Most Ingenuity" and "Silver Sail Award for Best Business Philosophy" from Chinese Cuisine Association.

#### 2012

In 2012, Little Sheep officially joined Yum China Holdings, Inc.

#### **2016**

The brand new "Small is Beautiful" Model Stores have established in Shanghai, upgraded with new store images.

#### **2018**

Little Sheep owns nearly 300 restaurants in more than 130 cities across Hong Kong, Macau, Japan, Southeast Asia, North America, and several other regions.

# Little Sheep's International Development

- Standing Firm Locally & Embracing Globally

Today, Little Sheep owns nearly 300 restaurants in more than 130 cities and delivers a consistently familiar flavor throughout Hong Kong, Japan, Southeast Asia, and North America.





### A Pot Of Rich Mouthful Soup

Our signature blend of seven different Chinese aromatics (traditionally used for medicinal purposes) combines to make a delicious soup with a unique flavor that also offers numerous health benefits. We utilize the five tastes (sweet, salty, sour, bitter, and umami) to create a layered, cohesive signature soup that remains flavorful no matter how long you cook with it. Our signature instant-boiled Mongolian lamb extracts its flavor from our rich broth, creating the perfect culinary duo—no dipping sauce required.

# Little Sheep Soup: Timeless Taste



At Little Sheep, we maintain a consistently delicious soup by always preparing our ingredients the same way and collecting them at the same time each year.





### A Plate of High-Quality Meat

We raise our sheep in the depths of the Mongolian mountains on Xilingol Prairie to produce delicate, flavorful cuts with the perfect balance of fat and lean meat. Little Sheep selects its lambs from the Wu Zhu, Mu Yu, Suhit, and Ancient Mongolian breeds at an average age of six months old, when their meat is most tender and delicious. Our meat maintains its grade-A texture no matter how long it is cooked.

## Natural Healthy Exclusive

#### Superior Prairie

The quality of our four prairies is unmatched in the livestock industry,

#### Grass

Our sheep feed on a variety of premium prairie grasses.

#### Free Range

Little Sheep lambs are free to roam around the Mongolian grasslands—never packed into crowded feeding lots.

### Mongolian Lamb

Mongolian mutton, a delicacy revered for its delicious taste, became a royal tribute during the Ming and Qing dynasties.

#### Water

In Xilingol, our most famous prairie, sheep drink out of dozens of freshwater lakes throughout the countryside.

#### Our Lambs' Diets

In order to promote natural grass growth and bring variety into the animals' diets, our sheep never graze in the same place twice.

# New and Improved: Individual Hot Pot and Family-Style Hot

For Small or Large Groups



Individual Hot Pot



Family-Style Hot Pot



Premium Business Set

Super Value Lunch Set

Luxury Upgrade, More Appealing







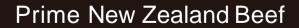




Premium Lamb Platter









Featured Beef





Roasted Lamb Ribs

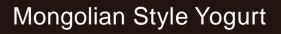
Signature Lamb Kebab













Cheese Stuffed Balls





#### In-Mall Store Approximately 300-400 M<sup>2</sup>

Location: To be evaluated within the scope of the business area recognized by the franchisor.

Floor: Dining floor within the shopping center. Recommended Area: About 300-400 m<sup>2</sup>.

Floor Integrity: Must support >400 kg/m<sup>2</sup> or 250 kg/m<sup>2</sup> if there is no underground exhaust.

Power Supply: 380 V, 50 Hz, 200 kW-260 kW.

Water Supply: Inlet size DN50, hydraulic pressure 2.5-3.5 kg. Water usage can exceed 25 tons per dav.

Fire Control: Basic fire prevention and control conditions.

Drainage: Special oil separation tank, volume >3.5 m<sup>2</sup>. Sewage: Special septic tank (>DN150).

Smoke: Customized exhaust pipe with diameter 500mm by 400mm.

Outdoor Unit Space: Features central air conditioning and outdoor unit equipment.

Parking Space: Parking spaces to meet customers'needs.









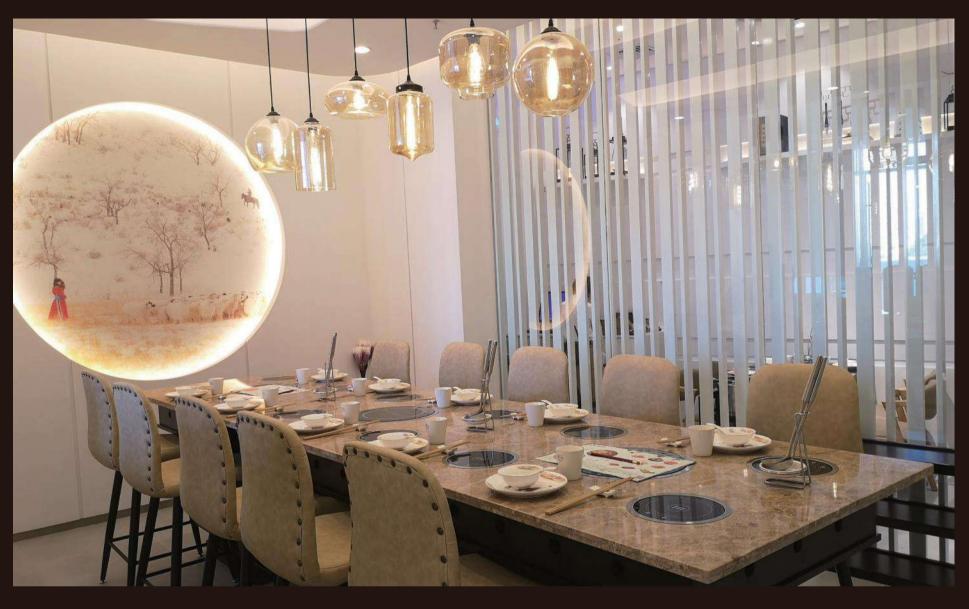


















### By Street Store approximately 450-600 M<sup>2</sup>

Location: first or second floor by street (individual entrance)

Floor: Dining floor the shopping center; Recommended Area: About 450-600 m 2;

Architecture: Guest seat>250kg/m2(When the guest area is Located); Power Supply: 380V,50Hz,200KW-260KW(Corresponding450-600m2);

Water Supply: Inlet Size DN50, Hydraulic pressure 2.5-3.5 KG;

Fire control: Have the basic conditions for fire control; Drainage: Special oil separation tank volume>3.5m<sup>2</sup>:

Sewage: Special septic;

Smoke: Special exhaust pipe, Pipe diameter 500MMX400MM;

Outdoor unit position: The property has a reasonable unit installation position and fresh air exhaust;

Parking space: Parking spaces to meet customerne





























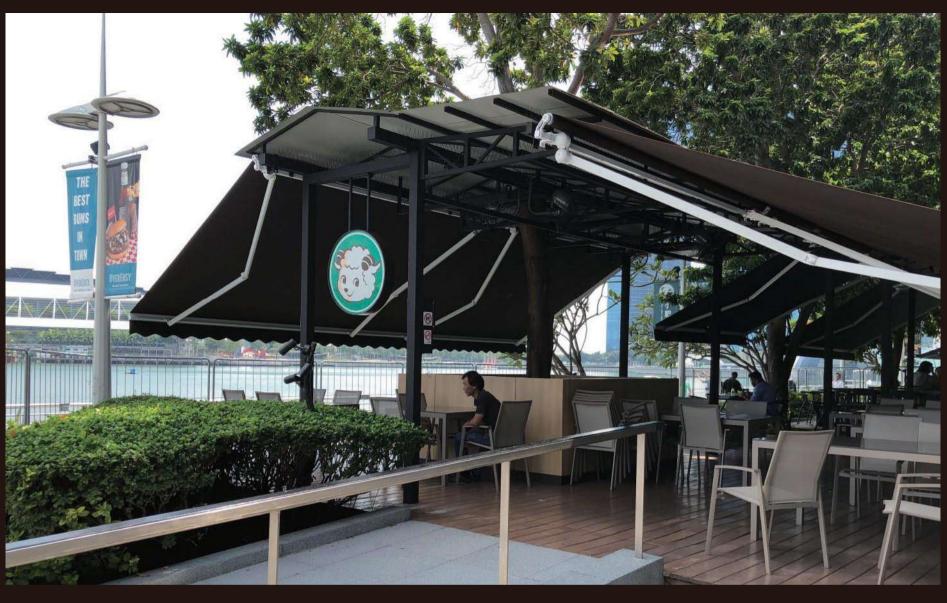
















### Join Little Sheep

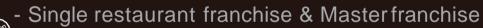
The advantages of joining the Little Sheep family are many, including a classic product, successful business model, and international support. We require franchisees to meet high standards to ensure we maintain our World Class quality.

#### Become a Little Sheep Franchisee

- Long-term planning of the franchise's course and potential
- Knowledge of the operating model concerning dining and retail
- Rich staff management experience
- Quick learning skills
- Superior financial qualifications
- Familiarity with Yum!China brand culture
- Good commercial awareness and anti-risk competence
- Understanding of local market and consumer characteristics

#### Franchise Cost

#### **Franchising Model**



#### Franchise Policy (Single restaurant) (USD)

- -Franchise fee: 60,000 US\$ (5 years right of store operation)
- -Deposit: **15,000 US\$** (Refund when contract terminate)
- -Royalty: **5%** (Gross sales)
- -Advertising fee: **3%** (Gross sales)



#### **Franchise Policy (Master Franchise) (USD)**

- <sup>9</sup>-Franchise fee: **50,000 US**
- (Minimum commitment of 3 restaurants 5 years right of store operation)
- -Deposit: 15,000 US\$ (Refund when contract terminate)
- -Royalty: **5%** (Gross sales per store)
- -Advertising fee: **3%** (Gross sales per store)

#### Steps To Becoming A Franchisee

Submission of application
Phone or online communication
Interview by Franchise Committee
Site location selection and approval
Signing of franchise agreement
Restaurant design and decoration
Recruitment and training
Restaurant grand opening

#### Contact Us

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English Website: www.littlesheep.com/enfranchise

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