LABIXIAOXIN SNACKS GROUP LIMITED
蠟筆小新休閒食品集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1262)

Voluntary Announcement on Product Quality Issue

This voluntary announcement is made by Labixiaoxin Snacks Group Limited (the "**Company**", together with its subsidiaries, the "**Group**").

Reference is made to the announcement of the Company dated 30 April 2014 (the "**Announcement**"). Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The board of directors of the Company (the "**Board**") announces that Jingtian & Gongcheng had completed and reported its findings under the Product Quality Legal Due Diligence (the "**Legal Due Diligence Report**") to the Special Review Committee.

Based on the Legal Due Diligence Report dated 16 May 2014, Jingtian & Gongcheng confirmed that, as at the date of Legal Due Diligence Report, (i) the Fujian Food and Drug Administration who has issued quality assurance confirmation on 25 March 2014 in relation to the results of the inspection of certain products involving edible gelatin of certain manufacturing corporations, including the Group's PRC subsidiary, in Fujian Province was the competent authority to issue said confirmation, (ii) the Group's PRC subsidiaries are in possession of the relevant licences and permits, which are legal and subsisting, for the purpose of conducting the principal activities of the Group's PRC subsidiaries, (iii) based on the product quality inspection reports issued by the relevant external independent laboratories in the PRC to conduct sample inspections on raw materials and products manufactured by the Group's PRC subsidiaries, Coco (Fujian) and Gelita (Cangnan), the inspection items of the samples of (a) "Labixiaoxin" jelly products submitted by the Group's PRC subsidiaries for product quality inspection, (b) the samples of XianQ gummy candy submitted by Coco (Fujian) for product quality inspection, and (c) among others, the samples of edible gelatin submitted by Gelita (Cangnan) for product quality inspection were in compliance with the relevant food safety standards in the PRC, and (iv) each of Coco (Fujian) and Gelita (Cangnan) had obtained the relevant valid licences and permits to perform their respective obligations under the respective manufacturing contracts. Jingtian & Gongcheng confirmed that, as at date of the Legal Due Diligence Report, as confirmed by the Group and to the best of their knowledge after due inquiry no material issues and no material outstanding legal proceedings had been identified during the course of the Product Quality Legal Due Diligence.

Upon review and due consideration by the Special Review Committee, the Special Review Committee had approved the Legal Due Diligence Report and the Independent Review Report had been submitted to the Board. Based on the Legal Due Diligence Report and the Special Review Committee's opinion, the Board is of the view that (i) the Group is in compliance with the applicable laws and regulations of the People's Republic of China relating to product quality; (ii) the licences and permits obtained by the Group and its OEM business partners are adequate; and (iii) the quality assurance confirmation issued by the Fujian Food and Drug Administration dated 25 March 2014 is valid.

By order of the Board
Labixiaoxin Snacks Group Limited
Zheng Yu Long
Chairman

Hong Kong, 16 June 2014

As at the date of this announcement, the executive directors of the Company are Zheng Yu Long, Zheng Yu Shuang and Zheng Yu Huan; the non-executive director of the Company is Li Hung Kong; and the independent non-executive directors of the Company are Li Zhi Hai, Sun Kam Ching and Chung Yau Tong.