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

UPDATE ON BUSINESS DEVELOPMENT

This is a voluntary announcement made by Labixiaoxin Snacks Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") in relation to the latest business development of the Group.

LAUNCHING OF NEW PRODUCTS

The board of directors of the Company ("**Board**") is pleased to announce that in November 2014, the Group will be launching lactic acid bacteria series jelly and beverages products as a new series to its product portfolio. This new series of products is believed to be able to offer a healthy choice to the consumer as an alternative to the Group's existing products which will increase consumer's consumption sentiment. As at the date of this announcement, the Group has received about RMB180 million sales order for this new series of products for delivery in the next three months. The Company has also budgeted approximately RMB90 million to promote this new series of products, including TV program sponsorship, media advertisement and various on-site promotion campaign.

Since the incident relating to certain allegations against the Group's products containing gelatin earlier this year, consumer's consumption sentiment on the traditional snacks of the Group has remained weak. The relevant PRC governmental department has confirmed that the Group's products have complied with the necessary food safety standards as promulgated in the PRC. Notwithstanding that, as at the date of this announcement and based solely on a preliminary assessment by the management of the Company with reference to the information currently available, the Group still expects that there will be a drop in the Group's total sales amount as compared with last year. The Board believes that the launch of the lactic acid bacteria series jelly and beverages products which provides greater products varieties to its consumer will enable the Company to resume consumer confidence as well as enhancing its brand image as a whole.

The above data is provided for investors' reference only and have not been reviewed or audited by the Company's auditors. Accordingly, the information contained in this announcement may differ from figures to be disclosed in the audited consolidated financial statements to be published by the Company for the year ending 31 December 2014. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. When in doubt, investors are advised to seek their own professional advice from professional or financial advisers.

USE OF PROCEEDS FROM GLOBAL OFFERING

Reference is made to the prospectus of the Company dated 29 November 2011 (the "**Prospectus**") and the annual report of the Company for the year ended 31 December 2011, pursuant to which the Company has stated that an actual net proceeds in the amount of RMB455.4 million (the "**Net Proceeds**") were raised from the listing of the shares of the Company on 9 December 2011.

As disclosed in the Prospectus, the Net Proceeds shall be applied by the Group in the manner as follow:

(i) approximately 50% for the purpose of capital expenditure for plant and equipment;

(ii) approximately 20% for the purpose to further enhance the Group's brand awareness via various advertising and promotional activities such as prime-time television advertisements, on-site displays, advertisements on delivery trucks and festive promotional activities;

(iii) approximately 10% for use to support the expansion of the Group's distribution network by paying the initial start-up fees and other subsequent handling fees charged by new retail outlets that the Group penetrated into, as well as the in-store renovation and display costs in such retail outlets, as well as expansion of the operating scale of its sales and marketing department by employing experienced personnel;

(iv) approximately 10% for use to improve the Group's research and development capabilities, and to develop and promote new products; and

(v) approximately 10% for working capital and general corporate purposes.

The Company would like to update the shareholders and potential investors of the Company that, as at 31 December 2013, all the Net Proceeds have been utilized in full by the Group and in the manner consistent with the proposed allocations as disclosed in the Prospectus.

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

Hong Kong, 7 November 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.