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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)

INSIDE INFORMATION LEGAL PROCEEDING IN RELATION TO THE NON- REPAYMENT OF ENTRUSTED LOAN GRANTED TO QUANZHOU JIU XIN ELECTRONIC COMPANY LIMITED*

This announcement is made by the Labixiaoxin Snacks Group Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 7 August 2015 and 27 August 2015 in relation to the Entrusted Loan Agreement entered into by and among Jinjiang LBXX, a wholly-owned subsidiary of the Company, the Borrower and the Lending Bank, pursuant to which Jinjiang LBXX, as lender, agreed to grant the Entrusted Loan in the principal amount of RMB250 million to the Borrower through the Lending Bank as the lending agent for a term of one (1) year (the “**Announcements**”). Reference is also made to the announcement of the Company dated 9 August 2016 in relation to the non-repayment of the outstanding sum of the Entrusted Loan together with the accrued interest on time by the Borrower. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

On 10 March 2017, the Lending Bank initiated a legal proceeding (the “**Legal Proceeding**”) with the Quanzhou Intermediate People’s Court in the People’s Republic of China against the Borrower as well as its fellow subsidiary and its controlling shareholder (i.e. Mr. Hong) (collectively, the “**Defendants**”), claiming for:

- (i) repayment of (a) the principal amount of the Entrusted Loan in the amount of RMB220 million; together with (b) the interests to be accrued for the period from 21 May 2016 up till the date of actual repayment;
- (ii) forced sales of the assets (i.e. the land situated in Luojiang District, Quanzhou City, Fujian Province) charged by the Borrower to the Lending Bank pursuant to the Entrusted Loan Agreement;
- (iii) that the fellow subsidiary of the Borrower (being the entity which provided the corporate guarantee as security for the Entrusted Loan) and Mr. Hong (the controlling shareholder of the Borrower and who provided the personal guarantee as security for the Entrusted Loan) be jointly liable for the repayment obligation under the Entrusted Loan Agreement; and
- (iv) the Defendants be liable to settle the costs for the Legal Proceeding.

The Legal Proceeding is still on a preliminary stage. The Company will endeavour to do all it can to protect the interests of the Company and its shareholders as whole. Further announcement will be made as and when appropriate by the Company in relation to the updated status of the Legal Proceeding.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 10 March 2017

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

* *For identification purposes only*