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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)**

### UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING

AND

### ESTABLISHMENT OF SPECIAL REVIEW COMMITTEE

Reference is made to (i) the announcement of Labixiaoxin Snacks Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 12 March 2014 in relation to certain allegations contained in an article published by CapitalWeek (the “**Article**”); and (ii) the announcement of the Company dated 17 March 2014 in relation to the CCTV news report on the supply of toxic gelatine by certain enterprises in food production (the “**News Report**”). Reference is also made to the announcement of the Company dated 24 March 2014 in relation to, among other things, the delay in publication of the announcement of annual results of the Group for the year ended 31 December 2013, the postponement of the board meeting of the Company and the suspension of trading of the shares of the Company.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that on 28 March 2014, an independent special review committee (the “**Special Review Committee**”) comprising all the independent non-executive directors of the Company was established to investigate the allegations contained in the Article and the product safety issues reported in the News Report. The Special Review Committee will appoint relevant independent professional advisors to perform an independent review and/or investigation to cover scope, including but not limited to, review of compliance of product quality of the Group, review of sales and operating margin of the Group (the “**Independent Review**”) so as to assist the Special Review Committee to evaluate the reliability of the allegations contained in the Article and the News Report. Report of findings following completion of the Independent Review will be made to the Special Review Committee, which will in turn report to the Board.

The Company will make further announcement(s) to update the shareholders and potential investors of the Company on the progress of the Independent Review in due course.

The Board would also like to inform the shareholders and potential investors of the Company that in response to the allegations contained in the Article, the Company was informed by the auditors of the Company, PricewaterhouseCoopers (the “**Auditors**”), that additional procedures are required to be performed (the “**Additional Assurance Works**”) for finalising the audited accounts of the Group for the year ended 31 December 2013 (the “**2013 Audited Accounts**”). Subject to, among other things, the results of the Independent Review, the Company will finalise the scope of the Additional Assurance Works with the Auditors and therefore, additional time is required by the Auditors to finalise the 2013 Audited Accounts. As a result of the delay in the finalisation of the 2013 Audited Accounts, the meeting of the board of directors of the Company (the “**Board**”) for the purpose of, among other things, considering and approving the 2013 Audited Results and the release and publication of the announcement of the annual results of the Group for the year ended 31 December 2013 (the “**2013 Annual Results Announcement**”) are therefore postponed to another date to be fixed by the Board.

It is expected that the 2013 Annual Results Announcement will be released and published in around end of April 2014.

The Company will keep its shareholders and potential investors informed of any further material development in relation to the suspension of trading by way of further announcement(s) as and when appropriate.

At the request of the Company, trading in its shares on The Stock Exchange of Hong Kong Limited has been suspended from 9:00 a.m. on 24 March 2014 and will remain suspended until further notice.

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

Hong Kong, 31 March 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.*