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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)**

### **DISCLOSEABLE TRANSACTION ENTRUSTED LOAN AGREEMENT**

#### **ENTRUSTED LOAN AGREEMENT**

The Board announces that, on 19 June 2015, Jinjiang LBXX, a wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with 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 (equivalent to approximately HK\$312.1 million) to the Borrower through the Lending Bank as the lending agent for a term of one (1) year. The Entrusted Loan is secured by guarantees provided by the Guarantors and a charge over assets provided by the Borrower.

#### **LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratios in respect of the Entrusted Loan exceed 5% but less than 25%, the entering into the Entrusted Loan Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore were subject to the reporting and announcement requirements under the Listing Rules.

#### **BACKGROUND**

The Board announces that, on 19 June 2015, Jinjiang LBXX, a wholly-owned subsidiary of the Company, entered into the Entrusted Loan Agreement with 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 (equivalent to approximately HK\$312.1 million) to the Borrower through the Lending Bank as the lending agent for a term of one (1) year.

## **ENTRUSTED LOAN AGREEMENT**

The principal terms of the Entrusted Loan Agreement are as follows:

### **Date**

19 June 2015

### **Parties**

- (1) Jinjiang LBXX;
- (2) the Borrower; and
- (3) the Lending Bank.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiry, the Borrower, the Lending Bank and their respective ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons.

### **Principal Terms**

The Entrusted Loan will be in the amount of RMB250 million (equivalent to approximately HK\$312.1 million) extended to the Borrower through the Lending Bank on terms and conditions set out in the Entrusted Loan Agreement. The term of the Entrusted Loan will be for a period of one (1) year from 19 June 2015 to 18 June 2016. The interest rate under the Entrusted Loan will be 0.5% per month, which was determined by reference to the interest rate published by the People's Bank of China. The interest will be payable by the Borrower on a monthly basis until the Entrusted Loan is repaid in full. The Entrusted Loan (including accrued interests thereon) will be repaid by the Borrower to Jinjiang LBXX in full in one lump sum at maturity of the Entrusted Loan, unless extended in writing by the parties. The Entrusted Loan shall be used by the Borrower to meet its liquidity requirements. As at the date of this announcement, the Borrower has drawn up an aggregate amount of RMB220 million (equivalent to approximately HK\$274.7 million) of the Entrusted Loan.

The Entrusted Loan will be financed by the internal resources of the Company.

### **Security**

In consideration of the provision of the Entrusted Loan to the Borrower under the Entrusted Loan Agreement, the Guarantors entered into the following agreements on 19 June 2015 as security to the obligations of the Borrower under the Entrusted Loan Agreement:

- (i) personal guarantee given by Mr. Hong, a controlling shareholder of the Borrower, pursuant to which Mr. Hong agreed to provide a guarantee in favour of Jinjiang LBXX of the total guaranteed amount of RMB250 million (equivalent to approximately HK\$312.1 million); and
- (ii) a corporate guarantee given by a fellow subsidiary of the Borrower established in the PRC to which Mr. Hong holds approximately 10% interests, pursuant to which it agreed to provide a guarantee in favour of Jinjiang LBXX of the total guaranteed amount of RMB228,783,000 (equivalent to approximately HK\$285.6 million).

## **Charge over assets**

Further, in consideration of the provision of the Entrusted Loan to the Borrower under the Entrusted Loan Agreement, the Borrower has also entered into a charge over assets in favour of the Lending Bank, pursuant to which the Borrower agreed to charge to the Lending Bank certain of its land situated in Luojiang District, Quanzhou City, Fujian Province, valued at RMB30,310,000 (equivalent to approximately HK\$37.8 million), as security to the obligations of the Borrower under the Entrusted Loan Agreement.

## **Consultancy Fee**

In connection with the Entrusted Loan, the Lending Bank will receive a fee of RMB1,250,000, equivalent to 0.5% of the principal amount of the Entrusted Loan, from the Borrower in relation to the consultancy services provided to the Borrower.

## **REASON FOR AND BENEFITS OF ENTERING INTO THE ENTRUSTED LOAN AGREEMENT FOR THE COMPANY**

The terms of the Entrusted Loan Agreement, including the interest rate of the Entrusted Loan, were agreed by the parties to the Entrusted Loan Agreement after arm's length negotiations and having taken into account prevailing market conditions with reference to the interest rate and consultancy fees charged for the provision of the Entrusted Loan. In view that (i) the interest rate under the Entrusted Loan is higher than the prevailing benchmark interest rate for fixed deposits in RMB; (ii) the satisfactory financial background of the Borrower and the security and guarantees provided; and (iii) the short-term nature of the Entrusted Loan, the Directors consider that the Entrusted Loan would increase the income of the Company and the interest income will bring a positive cashflow for the Company. Accordingly, the Directors are of the opinion that the terms of the Entrusted Loan Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratios in respect of the Entrusted Loan exceed 5% but less than 25%, the entering into the Entrusted Loan Agreement constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore were subject to the reporting and announcement requirements under the Listing Rules.

Due to an inadvertent oversight, the Company mistakenly believed that the entering of the Entrusted Loan Agreement did not constitute a notifiable transaction under the Listing Rules. In the course of preparing the interim report for the six months ended 30 June 2015, the Company became aware that the entering of the Entrusted Loan Agreement constituted a notifiable transaction and was subject to reporting and announcement requirements under the Listing Rules.

## **GENERAL**

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sale of jelly products, confectionary products, beverages products and other snacks products.

Jinjiang LBXX is a company established in the PRC and principally engaged in venture capital investment and related consultancy service in the PRC. As at the date of this announcement, Jinjiang LBXX is an indirect wholly-owned subsidiary of the Company.

The Borrower is a company established in the PRC and principally engaged in the research and development as well as manufacturing of electronic products and related sales business in the PRC.

The Lending Bank is a registered commercial bank in the PRC and is principally engaged in banking and related financial services.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Board”	the board of Directors
“Borrower”	泉州九鑫電子有限公司 (Quanzhou Jiu Xin Electronic Company Limited*), a company established in the PRC
“Company”	Labixiaoxin Snacks Group Limited, a company incorporated in the Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Entrusted Loan”	an entrusted loan with the principal amount of RMB250 million (equivalent to approximately HK\$312.1 million) agreed to be granted by Jinjiang LBXX as lender to the Borrower through the Lending Bank as lending agent in accordance with the Entrusted Loan Agreement
“Entrusted Loan Agreement”	an entrusted loan agreement dated 19 June 2015 entered into between Jinjiang LBXX, the Borrower and the Lending Bank in relation to the Entrusted Loan
“Group”	the Company and its subsidiaries from time to time
“Guarantors”	Mr. Hong and a fellow subsidiary of the Borrower to which Mr. Hong holds approximately 10% interests
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinjiang LBXX”	晉江蠟筆小新創業投資有限公司 (Jinjiang Labixiaoxin Venture Capital Company Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Lending Bank”	泉州農村商業銀行股份有限公司晉江市支行 (Quanzhou Rural Commercial Bank, Jinjiang Branch*), a bank designated by the parties as lending agent under the Entrusted Loan Agreement and being an independent third party to the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (Republic of China) for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary issued share(s) of US\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of United States
“%”	per cent.

*Unless otherwise specified in this announcement, amounts denominated in renminbi have been converted, for the purpose of illustration only, into Hong Kong dollars at the rate of HK\$1.00 = RMB0.801. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be converted at the above rate or any other rates.*

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

Hong Kong, 7 August 2015

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

\* *For identification purposes only*