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 AND UPDATES ON PROFIT WARNING

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 profit warning announcement of the Company dated 9 August 2016 where it was stated that the Group is expected to record a total sales of approximately RMB415.0 million and a net loss of approximately RMB84.0 million for the six months ended 30 June 2016 (the "**Profit Warning Announcement**"), and the announcement of the Company dated 9 August 2016 in relation to the non-repayment by the Borrower to Jinjiang LBXX for the outstanding sum of the Entrusted Loan together with the accrued interest thereon on time (the "**Entrusted Loan Announcement**", and together with the Profit Warning Announcement, the "**Announcements**"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As stated in the Entrusted Loan Announcement, Jinjiang LBXX has decided to enforce the securities provided by the Borrower under the Entrusted Loan Agreement and is currently seeking legal advice in respect of the aforesaid enforcement action. As at the date of this announcement, no formal enforcement action has been initiated. The Entrusted Loan was secured by a charge over assets, a personal guarantee given by Mr. Hong, a controlling shareholder of the Borrower and a corporate guarantee given by a fellow subsidiary of the Borrower. Based on the best estimate taking into account all the relevant information currently available to the Company, the Company anticipates that the recoverable amount for the Entrusted Loan would be approximately RMB 128.4 million, and it is expected that a provision for impairment of approximately RMB91.6 million will be made in the consolidated interim financial information of the Group for the six months ended 30 June 2016.

Accordingly, the Board wishes to inform the Shareholders and potential investors that, based on further review and assessment of the unaudited management accounts of the Group for the six months ended 30 June 2016 after taking into consideration of the enforcement action, it is expected that the Group will record a total sales of approximately RMB415.0 million and a net loss of approximately RMB175.6 million for the six months ended 30 June 2016, representing a significant decrease as compared to the total sales of approximately RMB570.9 million and net profit of approximately RMB13.9 million for the six months ended 30 June 2015.

The Company is still in the process of finalising the interim results of the Group for the six months ended 30 June 2016. The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available to the Board and is not based on any figures or information that has been audited or reviewed by the auditors or the audit committee of the Company. Shareholders and investors are advised to read carefully the results announcement of the Company for the six months ended 30 June 2016, which is expected to be published on 29 August 2016.

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, 18 August 2016

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.